



S A W P A

SANTA ANA WATERSHED PROJECT AUTHORITY
11615 Sterling Avenue, Riverside, California 92503 • (951) 354-4220

PURSUANT TO THE PROVISIONS OF AB 361, THIS MEETING WILL BE CONDUCTED VIRTUALLY WITH THE OPPORTUNITY FOR PUBLIC COMMENT. ALL VOTES TAKEN WILL BE CONDUCTED BY ORAL ROLL CALL.

This meeting will be accessible as follows:

Meeting Access Via Computer (Zoom)*:	Meeting Access Via Telephone*:
<ul style="list-style-type: none"> https://sawpa.zoom.us/j/88286758095 	<ul style="list-style-type: none"> 1 (669) 900-6833
<ul style="list-style-type: none"> Meeting ID: 882 8675 8095 	<ul style="list-style-type: none"> Meeting ID: 882 8675 8095
* Participation in the meeting via the Zoom app (a free download) is strongly encouraged	

REGULAR COMMISSION MEETING TUESDAY, APRIL 19, 2022 – 9:30 A.M.

AGENDA

1. CALL TO ORDER/PLEDGE OF ALLEGIANCE (Marco Tule, Chair)

2. ROLL CALL

3. PUBLIC COMMENTS

Members of the public may address the Commission on items within the jurisdiction of the Commission; however, no action may be taken on an item not appearing on the agenda unless the action is otherwise authorized by Government Code §54954.2(b).

4. ITEMS TO BE ADDED OR DELETED

5. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered routine and non-controversial and will be acted upon by the Commission by one motion as listed below.

A. [APPROVAL OF MEETING MINUTES: APRIL 5, 2022](#)7
Recommendation: Approve as posted.

B. [RESOLUTION ON CONTINUATION OF REMOTE COMMISSION AND COMMITTEE MEETINGS \(CM#2022.23\)](#)13
Recommendation: Adopt Resolution No. 2022-5 Proclaiming A State of Emergency Persists, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, and Re-Authorizing Remote Teleconference Meetings of all Commission and Committee meetings of the Santa Ana Watershed Project Authority for the period of April 19, 2022 to May 19, 2022 pursuant to Brown Act Provisions.

6. NEW BUSINESS

A. [AUDIT SERVICES FYE 2022, 2023, AND 2024 \(CM#2022.24\)](#)21
Presenter: Karen Williams
Recommendation: Award the contract for Audit Services for FYE 2022, 2023, and 2024, to Fedak & Brown, LLP.

**B. SUPPORT ORANGE COUNTY WATER DISTRICT’S LEGISLATIVE PLATFORM
 APPEALING TO FEDERAL LEGISLATORS TO PASS THE PER- AND
 POLYFLUOROALKYL SUBSTANCES (PFAS) LEGISLATION (CM#2022.25)193**

Presenter: Jeff Mosher

Recommendation: To authorize staff to send the support letters advocating for the Resolution 2022-6 that supports federal PFAS legislation that protects ratepayers and water/wastewater agencies.

7. INFORMATIONAL REPORTS

Recommendation: Receive for information.

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Presenter: Karen Williams

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Presenter: Karen Williams

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 (CM#2022.27)213**

Presenter: Karen Williams

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Presenter: Karen Williams

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Presenter: Karen Williams

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Presenter: Karen Williams

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Presenter: Mark Norton

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Presenter: Jeff Mosher

L. CHAIR’S COMMENTS/REPORT

M. COMMISSIONERS’ COMMENTS

N. COMMISSIONERS’ REQUEST FOR FUTURE AGENDA ITEMS

8. CLOSED SESSION

There were no Closed Session items anticipated at the time of the posting of this agenda.

9. ADJOURNMENT

PLEASE NOTE:

Americans with Disabilities Act: If you require any special disability related accommodations to participate in this meeting, call (951) 354-4220 or email svilla@sawpa.org. 48-hour notification prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility for this meeting. Requests should specify the nature of the disability and the type of accommodation requested.

Materials related to an item on this agenda submitted to the Commission after distribution of the agenda packet are available for public inspection during normal business hours at the SAWPA office, 11615 Sterling Avenue, Riverside, and available at www.sawpa.org, subject to staff's ability to post documents prior to the meeting.

Declaration of Posting

I, Sara Villa, Clerk of the Board of the Santa Ana Watershed Project Authority declare that on April 14, 2022, a copy of this agenda has been uploaded to the SAWPA website at www.sawpa.org and posted at SAWPA's office at 11615 Sterling Avenue, Riverside, California.

2022 SAWPA Commission Meetings/Events

First and Third Tuesday of the Month

(NOTE: All meetings begin at 9:30 a.m., unless otherwise noticed, and are held at SAWPA.)

January		February	
1/4/22	Commission Workshop [cancelled]	2/1/22	Commission Workshop
1/18/22	Regular Commission Meeting	2/15/22	Regular Commission Meeting
March		April	
3/1/22	Commission Workshop	4/5/22	Commission Workshop
3/15/22	Regular Commission Meeting	4/19/22	Regular Commission Meeting
May		June	
5/3/22	Commission Workshop	6/7/22	Commission Workshop
5/17/22	Regular Commission Meeting	6/21/22	Regular Commission Meeting
5/3 – 5/6/22	ACWA Spring Conference, Sacramento, CA		
July		August	
7/5/22	Commission Workshop	8/2/22	Commission Workshop
7/19/22	Regular Commission Meeting	8/16/22	Regular Commission Meeting
September		October	
9/6/22	Commission Workshop	10/4/22	Commission Workshop
9/20/22	Regular Commission Meeting	10/18/22	Regular Commission Meeting
November		December	
11/1/22	Commission Workshop	12/6/22	Commission Workshop
11/15/22	Regular Commission Meeting	12/20/22	Regular Commission Meeting
		11/29 – 12/2/22	ACWA Fall Conference, Indian Wells, CA

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SAWPA COMPENSABLE MEETINGS

IMPORTANT NOTE: Due to the spread of COVID-19, and until further notice, the Santa Ana Watershed Project Authority will be holding all upcoming meetings by teleconferencing. Participation information will be included on each posted agenda or meeting notice.

In addition to Commission meetings, Commissioners and Alternate Commissioners will receive compensation for attending the meetings listed below, pursuant to the Commission Compensation, Expense Reimbursement, and Ethics Training Policy.

IMPORTANT NOTE: These meetings are subject to change. Prior to attending any meetings listed below, please confirm meeting details by viewing the website calendar using the following link:

<https://sawpa.org/sawpa-calendar/>

MONTH OF: April 2022

DATE	TIME	MEETING DESCRIPTION	LOCATION
4/4/22	2:30 P.M.	Emerging Constituents Program Task Force Mtg	VIRTUAL/TELECONFERENCE
4/5/22	8:30 A.M.	PA 23 Committee Mtg	VIRTUAL/TELECONFERENCE
4/5/22	10:00 A.M.	PA 24 Committee Mtg	VIRTUAL/TELECONFERENCE
4/6/22	9:00 A.M.	Prop 1 OWOW Round 2 Workshop - Call for Projects	VIRTUAL/TELECONFERENCE
4/6/22	1:00 P.M.	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	RESCHEDULED
4/11/22	10:00 A.M.	Basin Monitoring Program Task Force Mtg	VIRTUAL/TELECONFERENCE
4/12/22	9:30 A.M.	MSAR TMDL Task Force Mtg	VIRTUAL/TELECONFERENCE
4/20/22	1:00 P.M.	Lake Elsinore/Canyon Lake TMDL Task Force Mtg	VIRTUAL/TELECONFERENCE
4/21/22	4:00 P.M.	LESJWA Board of Directors Mtg	VIRTUAL/TELECONFERENCE
4/27/22	9:30 A.M.	LESJWA Water Summit	Launch Pointe Recreation Destination 32040 Riverside Drive Lake Elsinore, CA 92530

MONTH OF: May 2022

DATE	TIME	MEETING DESCRIPTION	LOCATION
5/3/22	10:00 A.M.	PA 24 Committee Mtg	VIRTUAL/TELECONFERENCE
5/23/22	1:30 P.M.	MSAR TMDL/Regional WQ Monitoring Task Force Mtg	HYBRID (SAWPA & VIRTUAL/TELECONFERENCE)
5/24/22	1:30 P.M.	Basin Monitoring Program Task Force Mtg	HYBRID (SAWPA & VIRTUAL/TELECONFERENCE)
5/26/22	11:00 A.M.	OWOW Steering Committee Mtg	VIRTUAL/TELECONFERENCE

Please Note: We strive to ensure the list of Compensable Meetings set forth above is accurate and up-to-date; the list is compiled based on input from SAWPA staff and Department Managers regarding meeting purpose and content.

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**SAWPA COMMISSION
REGULAR MEETING MINUTES
April 5, 2022**

COMMISSIONERS PRESENT

Marco Tule, Chair, Inland Empire Utilities Agency
Bruce Whitaker, Vice Chair, Orange County Water District
Mike Gardner, Secretary-Treasurer, Western Municipal Water District
David J. Slawson, Eastern Municipal Water District
June D. Hayes, San Bernardino Valley Municipal Water District

COMMISSIONERS ABSENT

None

**ALTERNATE COMMISSIONERS
PRESENT; NON-VOTING**

Kelly Rowe, Orange County Water District
T. Milford Harrison, San Bernardino Valley Municipal Water District
Brenda Dennstedt, Western Municipal Water District

STAFF PRESENT

Jeff Mosher, Karen Williams, Mark Norton, David Ruhl, Edina Goode,
Rick Whetsel, Ian Achimore, Marie Jauregui, Sara Villa, Dean Unger,
Zyanya Ramirez, Haley Mullay, Alison Lewis, Jessica McDermott

OTHERS PRESENT

Andrew D. Turner, Lagerlof, LLP; Joe Mouawad, Eastern Municipal
Water District; Shivaji Deshmukh, Inland Empire Utilities Agency;
William McDonnell, Inland Empire Utilities Agency; Michael Markus,
Orange County Water District; Kevin O'Toole, Orange County Water
District; Shavonne Turner, San Bernardino Valley Municipal Water
District; Derek Kawaii, Western Municipal Water District; Mallory
Gandara, Western Municipal Water District; Tim Barr, Western
Municipal Water District; Brooke Jones, Yorba Linda Water District;
Wayne Miller, Yorba Linda Water District; Nelida Mendoza

The Regular Meeting of the Santa Ana Watershed Project Authority Commission was called to order at 9:30 a.m. by Chair Marco Tule on behalf of the Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, California.

1. CALL TO ORDER

Pursuant to the provisions of AB 361, this meeting was conducted virtually, and all votes were taken by oral roll call.

2. ROLL CALL

An oral roll call was duly noted and recorded by the Clerk of the Board.

3. PUBLIC COMMENTS

There were no public comments; there were no public comments received via email.

4. ITEMS TO BE ADDED OR DELETED

There were no items to be added or deleted.

5. CONSENT CALENDAR

A. APPROVAL OF MEETING MINUTES: MARCH 15, 2022

Recommendation: Approve as posted.

B. TREASURER'S REPORT: FEBRUARY 2022

Recommendation: Approve as posted.

MOVED, to approve the Consent Calendar as posted.

Result: Adopted by Roll Call Vote
Motion/Second: Gardner/Hayes
Ayes: Gardner, Hayes, Slawson, Tule, Whitaker
Nays: None
Abstentions: None
Absent: None

6. **NEW BUSINESS**

A. **AUTHORIZATION FOR NETWORK COORDINATOR REQUEST FOR PROPOSALS (CM#2022.20)**

Ian Achimore provided a presentation on the Authorization for Network Coordinator Request for Proposals (RFP), contained in the agenda packet on pages 21-31. The Integrated Regional Water Management (IRWM) Roundtable of Regions formally began in 2006 as an informal partnership, led by engaged staff and two co-chairs. For the past three (3) years JM Consultants has served as the Network Coordinator. The principal of JM Consultants announced she is retiring on June 30, 2022. There is a funding agreement in place to fund this consultant support for this FY and FYE 2023. In order to utilize the funding and ensure the Roundtable operates efficiently for the next year, the Roundtable has requested SAWPA issue an RFP to acquire the services of a new consultant. The RFP includes a one-year timeline, with an option to extend it to two years if further funding is received by cost share parties. With the release of the RFP, the responses will be due May 9, 2022, with optional virtual interviews scheduled for May 16-19, 2022, and SAWPA Commission approval of contract anticipated for June 21, 2022.

MOVED, to authorize the release of a Request for Proposals (RFP) to fill the collaboratively funded Network Coordinator consultant for the California Integrated Regional Water Management (IRWM) Roundtable of Regions.

Result: Adopted by Roll Call Vote
Motion/Second: Slawson/Gardner
Ayes: Gardner, Hayes, Slawson, Tule, Whitaker
Nays: None
Abstentions: None
Absent: None

B. **JOINT ROUNDTABLE OF REGIONS LETTER ADVOCATING FOR IRWM FUNDING (CM#2022.21)**

Ian Achimore provided a presentation on the Joint Roundtable of Regions Letter Advocating for IRWM Funding, contained in the agenda packet on pages 67-76. The state-wide Roundtable of Integrated Regional Water Management (IRWM) Regions has requested that SAWPA draft and submit a letter to the California Governor and State Legislature regarding the expected budget surplus that will likely lead to more water and drought related funding available in the State's Fiscal Year 2022-2023 Budget. As was done last calendar year during the State's Fiscal Year 2021-22 budget process, SAWPA has worked with our legislative relations consultant and drafted a letter that requests \$510 million statewide in IRWM grant funding. Staff has also discussed the letter with the SAWPA member agency legislative staff workgroup that meets regularly.

The \$510 million amount was also the amount dedicated to the statewide IRWM Program in the Proposition 1 water bond which passed in November 2014. SAWPA is currently working with the Roundtable of Regions to acquire the signatures of 48 IRWM regions

across the State and submit it by April 8, 2022. By advocating for \$510 million, it would ensure the Santa Ana Funding Area, also known as the Santa Ana River Watershed IRWM Region, would receive a similar investment of \$63 million as received via Proposition 1.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.B.

C. SANTA ANA RIVER WATERSHED WEATHER MODIFICATION PILOT PROGRAM UPDATE AND IMPLEMENTATION SCHEDULE (CM#2022.22)

Mark Norton provided a presentation on the Santa Ana Weather Modification Pilot Program Status Report & Proposed Implementation Schedule, contained in the agenda packet on pages 81-91. The North American Weather Consultants (NAWC) conducted the ground seeding site analysis for potential ground seeding unit locations in the watershed. Their report reflects a listing of 15 ground seeding sites, specific locations, and potential local operators of the units including property owners and public agencies. The California Environmental Quality Act (CEQA) Mitigated Negative Declaration Analysis Draft Initial Study is complete. There is a Public Hearing meeting scheduled April 19, and the final CEQA report is expected to be completed by June 2022.

Work continues on the preparation of an application under the DWR Proposition 1 IRWM Round 2 Implementation grant program to cover 50% of the cost of the four-year pilot program with validation. The proposal for grant funding will be entered into SAWPA's OWOW Call for Projects online entry form before the April 25th deadline. Thereafter, the proposal will be competitively rated and ranked among other projects seeking grant funding through the OWOW Stakeholder Budgeting process. The pilot program, including independent validation and capture analysis, is estimated to cost \$300,000-350,000/yr. over the four-year program and is anticipated to generate additional water of 7,800 AF/yr., or a total of 31,200 AF. If Prop 1 Round 2 funding is successful, the local cost share to implement the pilot would be half the amount. For the (50% match) local cost share match, the Commission requested staff to conduct outreach about the pilot program to educate and inform local water agencies about the program and seek out commitments to fund the program as well. Over 60 agencies in the watershed have been contacted. The following agencies have committed funding in the amounts shown below:

Chino Basin Water Conservation District	\$20,000
Big Bear Lake Dept of Water & Power	\$12,000
Lake Elsinore & San Jacinto Watersheds Authority	\$10,000
San Antonio Water Agency	\$ 5,000
City of Corona	<u>\$ 5,000</u>
Total:	\$52,000

SAWPA staff is also pursuing a separate US Bureau of Reclamation WaterSMART Applied Science grant for \$200,000 to investigate and develop a validation protocol or guidance document based on the SAWPA pilot program validation that could be used by other water resource agencies seeking to validate the benefits of their cloud seeding programs.

To apply for the Prop 1 grant as well as the Reclamation grant, a schedule of implementation tasks for the pilot program must be defined. At this time, staff recommends that the pilot program kick off at the start of the 2022-2023 winter season, or November 1, 2022. Due to the timing of the grant awards, local funding would be used until grant funding reimbursement becomes available in the Spring of 2023.

The milestones for the pilot start date of November 2022 are as follows:

JUNE 2022

- RFP for cloud seeding operator to be issued.

JULY – AUGUST 2022

- Commission authorization of new contract for pilot program cloud seeding operator by late July 2022 to prepare seeding unit sites.
- Commission authorization of new contract with Independent Validation firm by Aug 2022 to start pilot program evaluation preparations.
- SAWPA would invoice SAWPA member agencies and local agency contributors for 1st year of pilot program operations and validation funding.

APRIL – MAY 2023

- If grant is successful, all Year 2022 costs for the pilot project seeding site setup and operation will count towards 50% local cost share with grant funding anticipated to start in Spring 2023.

Commissioner Hayes noted that according to the proposal, the pilot program would start prior to knowing whether we get the grant or not, and once the pilot program starts it would continue for four years. What is the assurance or probability of getting the grant? Mark Norton noted that we stand a strong chance of receiving funding from the state for this program, the state supports precipitation enhancement, they have a document that reflects it, and it is a regional project with multiple agencies involved and are supportive in a collaborative approach. It is a multi-benefit that would improve water quality as well as water supply. Commissioner Hayes asked how can we be sure that it is a truly independent validation? Jeff Mosher noted that the idea of the independent validation was because this program requires independent information for the Commission to review. To understand the results, you need to see the data, and that will come out of the pilot program. Desert Research Institute are well known in this industry of evaluating atmospheric weather, climate change, and including cloud seeding. They are experts and they publish research. As a result, their reputation requires that they be independent. Commissioner Hayes noted that Valley District will be having their Water Resources Workshop at 2:00 p.m. where there will be a presentation on some of the studies on Weather Modification.

Vice Chair Whitaker and Commissioner Rowe commended Mark Norton for the informative and thorough report, and noted they remain highly supportive of starting this pilot program in November 2022. Wayne Miller of Yorba Linda Water District noted 70% of the costs are ground seeding and operation. Is the plan to have all four years funded at once, or is it a fixed cost? Mark Norton noted that the structure is based on a four-year program based on the recommendation of the consultant. The feasibility study suggested a three-to-five-year program to allow accounting for fluctuations in seasonal rainfall and conditions. Commissioner Gardner noted that he would like to see this program move forward this year, the only question he has is if any of our member agencies have taken this to their Board and if so, will they commit? Commissioner Gardner anticipates taking this item to his respective Board to further discuss and seek their input. Commissioner Slawson noted he is confident that this will be a successful project, and this item was presented to his Board as an informational item and no concerns were raised. Commissioner Rowe noted that OCWD has Water Resources Development in their Policy and Cloud Seeding is a water resource and noted that his Board would participate in this program.

This item was for informational and discussion purposes; no action was taken on Agenda Item No. 6.C.

7. INFORMATIONAL REPORTS

Recommendation: Receive for Information.

A. CHAIR'S COMMENTS/REPORT

There were no Chair comments.

B. COMMISSIONERS' COMMENTS

There were no Commissioners' comments.

C. COMMISSIONERS' REQUEST FOR FUTURE AGENDA ITEMS

There were no Commissioners' request for future Agenda items.

Chair Marco Tule recessed the meeting at 10:47 a.m. for Closed Session.

8. CLOSED SESSION

A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant exposure to litigation pursuant to paragraph (3) of subdivision (d) of Section 54956.9: One case.

9. CLOSED SESSION REPORT

Chair Marco Tule resumed Open Session at 11:15 a.m. and Legal Counsel, Andy Turner announced that the SAWPA Commission received a report from SAWPA staff and counsel; no action was taken on Agenda Item No. 8.A.

10. ADJOURNMENT

There being no further business for review, Chair Marco Tule adjourned the meeting at 11:16 a.m.

Approved at a Regular Meeting of the Santa Ana Watershed Project Authority Commission on Tuesday, April 19, 2022.

Marco Tule, Chair

Attest:

Sara Villa, Clerk of the Board

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COMMISSION MEMORANDUM NO. 2022.23

DATE: April 19, 2022

TO: SAWPA Commission

SUBJECT: Resolution on Continuation of Remote Commission and Committee Meetings

PREPARED BY: Jeff Mosher, General Manager

RECOMMENDATION

That the Commission consider adopting Resolution No. 2022-5 Proclaiming A State of Emergency Persists, Re-Ratifying the Proclamation of a State of Emergency by Governor Gavin Newsom, and Re-Authorizing Remote Teleconference Meetings of all Commission and Committee meetings of the Santa Ana Watershed Project Authority for the period of April 19, 2022 to May 19, 2022 pursuant to Brown Act Provisions.

DISCUSSION

On September 16, Governor Newsom signed into law AB 361, which suspended the Brown Act's existing teleconferencing requirements so long as the state-declared state of emergency in California remains in place. A Resolution must be executed every 30 days under AB 361 for the initial and subsequent findings under AB 361 in order to continue to utilize the relaxed teleconferencing requirements for board meetings (including committee meetings) subject to the Brown Act. AB 361 applies only to a state-declared state of emergency and not to a locally-declared emergency; and AB 361 will only remain in effect until January 1, 2024, unless the State Legislature takes action to extend it or make it permanent. The following is a brief summary of AB 361's pertinent provisions.

- 1. Posting of Agendas.** The Brown Act currently requires that a local agency post agendas at all teleconference locations. Thus, if a director is calling in from a hotel room in Las Vegas, the director would need to post the agenda on his or her hotel room door. AB 361 removes the requirement that agendas must be posted at all teleconference locations. Therefore, under AB 361, the director can call from his or her Las Vegas hotel room without having to post the agenda on the hotel room door.

AB 361 does not change the general agenda posting requirements under the Brown Act. Thus, agencies should continue to post their agendas at least 72 hours before a regular board meeting and 24 hours before a special board meeting, and those postings should occur in the usual locations, including on the agency's website.

- 2. Location of Teleconferencing Participants.** The Brown Act currently requires a local agency that uses teleconferencing, to identify each teleconference location in the notice and agenda of the meeting or proceeding, and each teleconference location must be accessible to the public. Under this requirement, if a director was calling into a meeting from the Las Vegas hotel room, the director would need to allow members of the public into his or her hotel room for the meeting. Also, the Brown Act currently requires that at least a quorum of

the members of a legislative body must participate in the meeting (even if by teleconference) from locations within the agency's boundaries.

AB 361 excuses compliance with those requirements and agendas for meetings held in accordance with AB 361 are not required to identify each teleconference location and each location does not need to be accessible to the public (but see Item 3, below). In addition, there is no requirement under AB 361 that at least a quorum of the board members must be located within the agency's boundaries.

- 3. Public Access and Comments.** As stated above, local agencies are not required to make each teleconference location accessible to the public. However, the board meetings must remain open to the public and the agenda must include the manner by which members of the public may access the meeting remotely to offer public comment, including by a call-in option or an internet-based service option, such as meeting invite web address or call-in phone number, with passcode. Members of the public must be allowed to access the meeting and to address the legislative body directly, either during a general public comment period or before any individual actions are taken. Also, AB 361 clarifies that an agency may not require members of the public to submit their comments in advance of a meeting.

Public comments, either written or made by remote connection, must be accepted until the point at which the public comment period is formally closed. Any registration or sign-up period for public comments can only be closed when the public comment period is formally closed. Where public comments are accepted in a public comment period for each agenda item, the agency must allow a reasonable amount of time during each agenda item to allow the public the opportunity to provide comments, including time for members of the public to register or otherwise be recognized for the purpose of providing public comment.

- 4. Registration Issue.** The Brown Act has long prohibited the use of mandatory registration or "sign-ups" to attend public meetings or to provide public comment. Based on that prohibition, the Brown Act would present a significant problem for meetings that use a teleconference platform that requires participants to register for an account, even when it is not the local agency establishing that requirement. AB 361 solves that problem by allowing local agencies to use platforms which, incidental to their use and deployment, require users to register for an account with that platform, so long as the platform is not under the control of the local agency. Thus, an agency can use a platform that requires a registration to participate without violating the Brown Act.
- 5. Technological Disruption of Meeting.** AB 361 addresses what must occur in the event a technical difficulty interrupts a board meeting. Under AB 361, if a public comment line unexpectedly disconnects, a meeting agenda was sent out with the incorrect web link or dial-in information, the local agency's internet connection is interrupted, or other similar circumstances occur, the agency must stop the ongoing meeting and try to resolve the issue before continuing with the meeting agenda. If the meeting disruption cannot be resolved, the agency should not take any further action on agenda items and should end the meeting.

Failure to do so risks having any actions that were taken during the period of disruption set aside in a legal action.

6. Required Findings. AB 361 allows for teleconferencing under its provisions to occur in three scenarios, including:

- 1) The local agency is holding a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; or
- 2) The local agency is holding a meeting during a proclaimed state of emergency and has determined, by majority vote, that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees.

AB 361 provides that if a state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference without complying with the Brown Act's existing teleconferencing requirements, the agency's board of directors must, no later than 30 days after teleconferencing for the first time under AB 361, and every 30 days thereafter, making the following findings by at least majority vote:

- 1) The legislative body has reconsidered the circumstances of the state of emergency; and
- 2) Any of the following circumstances exist: (a) the state of emergency continues to directly impact the ability of the members to meet safely in person; or (b) state or local officials continue to impose or recommend measures to promote social distancing.

CRITICAL SUCCESS FACTORS

None.

RESOURCE IMPACTS

None.

Attachments:

1. Resolution No. 2022-5

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RESOLUTION NO. 2022-5

A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY (SAWPA) PROCLAIMING A STATE OF EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY GOVERNOR GAVIN NEWSOM, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF ALL COMMISSION AND COMMITTEE MEETINGS OF SAWPA FOR THE PERIOD APRIL 19, 2022 TO MAY 19, 2022 PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (“SAWPA”) is committed to preserving and nurturing public access and participation in meetings of its Commissioners; and

WHEREAS, all meetings of SAWPA’s Commission and its standing committees (PA 22, PA 23, PA 24, and OWOW Steering Committee) are open and public, as required by the Ralph M. Brown Act (California Government Code Sections 54950 – 54963), so that any member of the public may attend, participate, and watch those bodies conduct their business; and

WHEREAS, the Brown Act, in Government Code Section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code Section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition for application of Section 54953(e) is that a state of emergency is declared by the Governor pursuant to Government Code Section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code Section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District’s boundaries, caused by natural, technological or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, the SAWPA Commission previously adopted a Resolution, Resolution No. 2021-8 on October 19, 2021 finding that the requisite conditions exist for the SAWPA Commission and standing committees to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of Section 54953; and

WHEREAS, as a condition of extending the use of the provisions found in Section 54953(e), the SAWPA Commission must reconsider the circumstances of the state of emergency that exists in SAWPA, and the Commission has done so; and

WHEREAS, emergency conditions persist in SAWPA, specifically, COVID-19, and its Omicron variant, remain highly contagious and, therefore, a threat to the health, safety and well-being of the SAWPA’s employees, directors, vendors, contractors, customers and residents; and

WHEREAS, SAWPA's Commission does hereby find that a state of emergency continues to exist within SAWPA's service area as a result of the continuing presence of COVID-19 and resulting local, state and federal orders and guidance, which has caused, and will continue to cause, conditions of peril to the safety of persons within SAWPA that are likely to be beyond the control of services, personnel, equipment, and facilities of SAWPA, and the Commission desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency persisting, SAWPA does hereby find that the SAWPA's Commission and all standing committees shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code Section 54953, as authorized by subdivision (e) of Section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of Section 54953; and

WHEREAS, SAWPA will continue to provide proper notice to the public regarding all SAWPA's Commission and standing committee meetings, in accordance with Government Code Section 54953(e)(2)(A) and shall provide notice to the public of how they may access any such meeting via call-in number and/or internet link.

NOW, THEREFORE, the SAWPA Commission does hereby resolve as follows:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Commission hereby considers the conditions of the state of emergency in SAWPA and proclaims that a local emergency persists throughout SAWPA, and that conducting SAWPA Commission and standing committee meetings virtually will minimize the possible spread COVID-19 and any variant thereof.

Section 3. Re-ratification of Governor's Proclamation of a State of Emergency. The Commission hereby ratifies the Governor of the State of California's Proclamation of State of Emergency regarding COVID-19, dated March 4, 2020.

Section 4. Remote Teleconference Meetings. The SAWPA's General Manager, or his or her delegee, and the Commission and standing committees of SAWPA are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) the expiration of thirty (30) days from the date this Resolution was adopted, as set forth below, or (ii) such time as the SAWPA adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the SAWPA Commission and standing committees of SAWPA may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

ADOPTED this 19th Day of April, 2022.

SANTA ANA WATERSHED PROJECT AUTHORITY

By:

Marco Tule, Chair

Attest:

Sara Villa, Clerk of the Board

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COMMISSION MEMORANDUM NO. 2022.24

DATE: April 19, 2022
TO: SAWPA Commission
SUBJECT: Audit Services FYE 2022, 2023, and 2024
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission award the contract for Audit Services for FYE 2022, 2023, and 2024, to Fedak & Brown LLP.

DISCUSSION

On February 15, 2022, the Commission authorized the issuance of a RFP for Professional Audit Services commencing with the fiscal year ending June 30, 2022. Of the 16 firms that were sent the RFP, 4 proposals for audit services were received. A summary of proposals for audit services is attached for your review.

In the current proposed budget, staff has included \$23,750 for audit services. Of the bids received, two firms have proposed fees that are within the budgeted amount. Most of the firms that submitted proposals have the experience and ability to provide adequate audit services to the Agency. After reviewing all proposals that were received staff is recommending that Fedak & Brown LLC, be awarded the contract. Fedak & Brown LLC received the highest score based on the proposal requirements, experience, references, and bid amount. This firm served as the Agency's auditor in FYE 2011 and 2012.

RESOURCE IMPACTS

Amount included in the budget for Audit Services for FYE 2022 is \$23,750.

Attachments:

1. Professional Audit Services Contract – PowerPoint Presentation
2. Audit Distribution List - RFPs
3. Bid Comparison
4. Fedak & Brown, LLP.
 - a. Proposal
 - b. General Services Agreement
 - c. Task Order
5. Other Proposals Submitted
 - a. Harshwal & Company LLC Proposal
 - b. The Pun Group Proposal
 - c. Rogers, Anderson, Malody & Scott, LLP Proposal

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SAWPA



Professional Audit Services Contract

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a blue line showing an upward trend. The x-axis of the graph is labeled with months: 'Feb.', 'Apr.', and 'Jun.'. The y-axis has some numerical markings, including '0000'. To the right of the pen, there is handwritten text in blue ink that appears to say 'MAY 2022'. The overall scene is set against a blue background.

Recommendation

- That the Commission award the contract for Audit Services for FYE 2022, 2023, and 2024, to Fedak & Brown LLP, with an option for 2 additional years.

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a blue line and handwritten text in blue ink. The background is a dark blue gradient.

Background

- SAWPA's practice has been to rotate Auditors every 3 to 5 years
- Current Auditor, Teaman, Ramirez & Smith, Inc. has been under contract for 4 years
- Staff issued an RFP for Audit Services on February 15, 2022
- Sent RFP to 16 firms
- Received 4 Proposals
- FYE 2022 Budget for Audit Services - \$23,750

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a blue line and some text, including the word 'MAY' and 'R'. A magnifying glass is partially visible in the upper right corner. The background is a dark blue gradient.

Proposal Rating

- Proposals were scored on:
 - Mandatory Elements
 - Independence and license
 - Adequate continuing professional education
 - No conflict of interest
 - External quality control
 - Adhering to instructions in responding to RFP
 - Technical Qualifications
 - Expertise and experience
 - Audit approach

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a blue line and a magnifying glass. The text 'Proposal Rating' is overlaid on the right side of the image.

Proposal Rating

- Cost
- Other Criteria
 - Schedule
 - Quality control procedures
 - Results of reference checks
 - Clarity of proposal and compliance with proposal requirements

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a red line and a magnifying glass. The graph has a y-axis labeled '000000' and an x-axis with months 'Feb.', 'Apr.', and 'Jun.'. The magnifying glass is positioned over the graph, and the word 'MAY' is visible in the background. The overall scene is set against a blue gradient background.

Proposal Rating

Based on all the proposal rating criteria, Fedak & Brown LLC received the highest score.



Proposals Received

Firm	FYE 2022	FYE 2023	FYE 2024
Harshwal & Company LLC	\$18,255	\$18,985	\$19,740
Fedak & Brown, LLP	20,750	21,180	21,610
Rogers, Anderson, Malody & Scott, LLP	25,475	26,225	26,975
The Pun Group	27,000	27,810	28,643

Cost above does not include the cost of the Single Audit or LESJWA's Audit



SAWPA Auditor History

Firm	# Years	FYE's
McGladrey & Pullen	4	1998 - 2001
Rogers, Anderson, Malody & Scott LLP	4	2002 - 2005
Teaman, Ramirez & Smith, Inc.	5	2006 – 2010
Charles Z. Fedak	2	2011 – 2012
White Nelson Diehl Evans LLP	5	2013 – 2017
Teaman, Ramirez & Smith, Inc.	4	2018 - 2021

A close-up photograph of a silver fountain pen nib resting on a document. The document features a line graph with a blue line showing an upward trend. The x-axis of the graph is labeled with months: 'Feb.', 'Apr.', 'Jun.', and 'AUG'. The y-axis has some numerical markings, including '0000'. To the right of the pen, there is handwritten text in blue ink that appears to say 'MAY 2022'. The overall scene is lit with a cool, blue-toned light.

Recommendation

- That the Commission award the contract for Audit Services for FYE 2022, 2023, and 2024, to Fedak & Smith, LLC with an option for 2 additional years.



Questions?

Santa Ana Watershed Project Authority
 Audit RFP 2022
 Firm Distribution List

Firm	Address	City	State	Zip
Clifton Larson Allen	3401 Centrelake Dr., Ste 500	Ontario	CA	91761
Davis Farr - Certified Public Accountants	2301 DuPont Drive, Ste 200	Irvine	CA	92612
Deloitte & Touche, LLP	695 Town Center Dr., Ste 1000	Costa Mesa	CA	92626
Eadie Payne LLP, CPAs	1839 W. Redlands Blvd.	Redlands	CA	92373
Eide Bailly LLP	10681 Foothill Blvd, Ste 300	Rancho Cucamonga	CA	91730-3831
Ernst & Young LLP	18111 Von Karman Ave., Ste 1000	Irvine	CA	92612-0181
Fedak & Brown LLP	6081 Orange Ave. 2nd Floor	Cypress	CA	90630
KPMG LLP	20 Pacifica, Ste 700	Irvine	CA	92618-3391
Lance Soll & Lunghard, LLP	203 N. Brea Blvd., Ste 203	Brea	CA	92821-4056
Macias Gini & O'Connell LLP	225 Broadway, Ste 1750	San Diego	CA	92101
McGladrey LLP	18401 Von Karman Ave., Ste 500	Irvine	CA	92612
Moss Adams LLP	2030 Main Street, Ste 1400	Irvine	CA	92614
Rogers, Anderson, Malody & Scott, LLP	735 E. Carnegie Drive, Ste 100	San Bernardino	CA	92408
The Pun Group: CPA Firm	200 Sandpointe Ave., #600	Santa Ana	CA	92707
Van Lant & Fankhanel, LLO	25901 Kellogg St.	Loma Linda	CA	92354
Vasquez & Co., LLP	655 N. Central Ave., Ste 1550	Glendale	CA	91203

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Santa Ana Watershed Project Authority
RFP for Professional Audit Services 2022
Bid Comparison

AUDIT FIRM	<u>SAWPA</u>			<u>LESJWA</u>		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Harshwal (Single Audit)	\$ 18,255.00 <u>\$ 4,000.00</u> \$ 22,255.00	\$ 18,985.00 <u>\$ 4,160.00</u> \$ 23,145.00	\$ 19,740.00 <u>\$ 4,326.00</u> \$ 24,066.00	\$ 4,450.00	\$ 4,628.00	\$ 4,813.00
Number of Hours	145	145	145	28	28	28
Average Hourly Rate	\$ 153.48	\$ 159.62	\$ 165.97	\$ 158.93	\$ 165.29	\$ 171.89
Fedak & Brown (Single Audit)	\$ 20,750.00 <u>\$ 5,000.00</u> \$ 25,750.00	\$ 21,180.00 <u>\$ 5,160.00</u> \$ 26,340.00	\$ 21,610.00 <u>\$ 5,280.00</u> \$ 26,890.00	\$ 5,325.00	\$ 5,425.00	\$ 5,525.00
Number of Hours *	176	176	176	45	45	45
Average Hourly Rate	\$ 117.90	\$ 120.34	\$ 122.78	\$ 118.33	\$ 120.56	\$ 122.78
RAMS* (Single Audit)	\$ 25,475.00 <u>\$ 5,150.00</u> \$ 30,625.00	\$ 26,225.00 <u>\$ 5,300.00</u> \$ 31,525.00	\$ 26,975.00 <u>\$ 5,450.00</u> \$ 32,425.00	\$ 5,250.00	\$ 5,400.00	\$ 5,550.00
Number of Hours **	150	150	150	not listed		
Average Hourly Rate	\$ 169.83	\$ 174.83	\$ 179.83	not listed		
The PUN Group (Single Audit)	\$ 27,000.00 <u>\$ 4,000.00</u> \$ 31,000.00	\$ 27,810.00 <u>\$ 4,120.00</u> \$ 31,930.00	\$ 28,643.00 <u>\$ 4,244.00</u> \$ 32,887.00	\$ 9,000.00	\$ 9,270.00	\$ 9,548.00
Number of Hours	222	222	222	not listed		
Average Hourly Rate	\$ 139.64	\$ 143.83	\$ 148.14	not listed		

* Does not include 40 hours for single audit. This is the hourly rate for the Audit (not including the Single Audit)

** Does not include the Single Audit. Hours for the single audit were not listed.

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**Certified
Public
Accountants**



**Consultants
& Advisors**



SANTA ANA WATERSHED PROJECT AUTHORITY LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Proposal to Provide Audit Services For the Years 2022 Through 2024 and Optional Years 2025 and 2026

**Christopher J Brown CPA CGMA
Andy Beck, CPA**

6081 Orange Avenue
Cypress, California 90630

1945 Chicago Avenue, Suite C-1
Riverside, California 92507

Phone: (657) 214-2307
Email: chris@fedakbrownllp.com

California BOA License Number: 7723



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Fee Estimate

- **Cost Proposal – Santa Ana Watershed Project Authority**
- **Cost Proposal - Lake Elsinore and San Jacinto Watersheds Authority**



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Independent Auditor Services

Dear Board of Commissioners:

We appreciate the opportunity to submit our proposal to provide annual audit services for the Santa Ana Watershed Project Authority and the Lake Elsinore and San Jacinto Watersheds Authority (Authority) for the fiscal years ending June 30, 2022, through 2024, and optional years 2025 and 2026. In response to your inquiry of Fedak & Brown LLP (Firm), we have prepared a proposal that reflects our understanding of the Authority's audit service requirements and that demonstrates our capability and commitment to serve. Our goal is to build a strong partnership with the Authority and demonstrate the highest levels of client service.

We understand that you expect a timely audit service conducted in a professional manner in accordance with audit service standards specific to governmental entities such as yours. We are committed to meet all the requirements you have indicated, and we will issue the reports and meet the timing requirements you have requested. We believe we are uniquely qualified to provide the quality and scope of service that the Authority desires.

Focused on the Special District Industry

Our client service team members are specialists in the governmental special district sector. This means they each focus a substantial portion of their time serving special district governmental clients. We know and understand your organization and the climate within which you work.

Our Firm specializes in auditing Special Districts in the State of California; as a result, this enables our Firm to continuously be immersed in the governmental, financial, and operational issues related to special districts.

Organized to Serve

Our service approach ensures that the Authority will receive the highest quality, personalized service when and where you need it. By tailoring our approach, we guarantee that the Authority will receive timely and attentive service that forms the hallmark of our approach to serving clients. **Our governmental audit and consulting practice accounts for a substantial portion of our Firm's annual services.** Therefore, we have made a substantial commitment and investment to serve our governmental clients.

Organized to Serve, continued

While our governmental experience is substantial, it is not the only factor that sets us apart from other firms; moreover, it is the commitment to utilize our resources and experience for the benefit of our clients.

Our approach to the engagement will be to establish a delivery system for providing a truly exceptional level of service. Each element of that system including staffing, audit approach, communication, and coordination will be examined and refined to fit the needs of the Authority. The hardest to quantify may be the relationship aspect of working with one professional service firm versus another. Because of the service delivery approach, we are recommending and our history of working with many special district governmental units like the Authority's, we are confident that our Firm knows how to address the unique needs of the Authority.

Our staff members assigned to the Authority are experienced governmental professionals that have managed numerous audit and attest engagements. Each of our staff has extensive experience that allows for a new outlook with innovative suggestions to improve quality and efficiency. We believe that our references will show that we are the best selection for the Authority. The choice of an audit firm should be based upon several factors including, but not limited to, staff retention, training programs, proactively addressing governmental industry changes, and adherence to a strict quality control program.

We are confident that we will provide the Authority with consistent staffing over the contract period as the continuity of staff is as important to us as it is to the Authority. We will be committed to the Authority and believe that our audit engagement team is the best selection for the Authority.

Our proposal represents our irrevocable offer for a period of 180 days from the date of this letter to provide audit services to the Authority for the fiscal years ending June 30, 2022, through 2024, and optional years 2025 and 2026. You may contact, Christopher Brown if you have any questions or need additional information. Christopher Brown will be your primary contact during the proposal evaluation period. He may be reached at (657) 214-2307, or by e-mail at chris@fedakbrownllp.com.

We look forward to hearing from you soon.

Cordially,



**FEDAK & BROWN LLP
CERTIFIED PUBLIC ACCOUNTANTS**

Executive Summary

Audit Engagements

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to audits contained in the Government Auditing Standards issued by the Comptroller General of the United States. The audit engagements will be comprised of the following elements:

- 1. Audit of the Basic Financial Statements of the Authority and Assistance in the Preparation of the Authority's Annual Comprehensive Financial Report;**
- 2. Audit of Federal Awards - Single Audit, as required**
- 3. Preparation of Management Reports for the Authority;**
- 4. Provide guidance and technical assistance to the Authority in implementing Governmental Accounting Standards issued, including Annual Accounting Update Session (as required)**

Previous Audits Engagements

The Government Auditing Standards establishes that auditors should evaluate whether the audited entity must take appropriate corrective action to address findings and recommendations from previous engagements that could have a material effect on the subject matter, or an assertion about the subject matter, of the examination engagement.

Reporting Deficiencies in Internal Control, Fraud, Noncompliance with Provisions of Laws, Regulations, Contracts, and Grant Agreements, and Abuse

The Government Auditing Standards establishes that during the performance of Generally Accepted Governmental Auditing Standards (GAGAS) examination engagements, auditors should report, based upon the work performed, (1) significant deficiencies and material weaknesses in internal control; (2) instances of fraud and noncompliance with provisions of laws or regulations that have a material effect on the subject matter or an assertion about the subject matter and any other instances that warrant attention of those charge with governance; (3) noncompliance with provisions of contracts or grant agreements that has a material effect on the subject matter or an assertion about the subject matter of the examination engagement; and (4) abuse that has a material effect on the subject matter of the examination engagement.

Also, Government Auditing Standards requires an additional reporting standard that auditors must follow. It requires the auditor to communicate his/her responsibility in a financial statement audit, including responsibilities for testing and reporting on internal controls and compliance with laws and regulations.

Commitment to the Highest Professional Standards

Our Firm is committed to the highest professional standards and our client service teams are fully versed in current professional guidance. Our Firm's extensive experience translates into a service approach that includes providing clients the educational tools to properly implement new accounting pronouncements. We encourage our clients to reach out with questions they may have. ***Our client service teams were integral to the implementation of Governmental Accounting Standards Board (GASB) No. 75 and 68 for our clients throughout the State of California and are prepared to provide assistance as the implementation date for GASB No. 87 approaches.*** Our client service approach includes review and assistance with current and pending GASB pronouncements.

Firm Qualifications and Experience

Identification of Proposer and Geographic Location to the Authority

Fedak & Brown LLP, is a full-service firm licensed to practice in the State of California providing accounting, audit, and consulting services for governmental and commercial enterprises, as well as extensive tax planning for domestic and international entities throughout the State of California. Our Governmental Services personnel are trained professionals with extensive experience in governmental accounting, auditing, and consulting services with offices in Riverside and Cypress, California.

Your main contact will be Mr. Christopher Brown. Our contact information can be located on our letterhead. All of the work for the Authority will be staffed directly out of our Riverside and Cypress offices and will not be subcontracted to any other firm.

Our Firm is fully automated in-house and utilizes current technology and software on all audit engagements. We utilize CCH ProSystems *fx* Engagement ® Audit Software.

Professional Education

It is a requirement of the State Board of Accountancy for all public accounting firms who are involved in governmental auditing to allocate a specific portion of continuing education in governmental accounting and auditing every two years. Fedak & Brown LLP has met this requirement for all staff involved with governmental accounting and auditing. Our Firm's strict adherence to these continuing professional education standards ensures the highest quality of staff assigned to the Authority's audit over the term of our agreement. Our Firm also requires that all personnel at all organizational levels adhere to the independence rules, regulations, interpretations, and rulings of the AICPA, California State Society of CPAs, State Board of Accountancy, State Statute, and in some cases, the Securities and Exchange Commission and other regulatory agencies. Fedak & Brown LLP has never been the object of any disciplinary action in its entire existence.

Experience and Technical Competence

We have prepared a listing of some of our governmental audit clients on the previous page. We believe this listing exemplifies that we have significant experience in conducting high-quality audits of local governments and enterprise special districts. Our governmental audit team has significant experience in auditing special district governmental agencies and our team members may have conducted some of these audits over the past year (see next page).

Firm Qualifications and Experience, continued

“We Are Committed to the Governmental Special District Industry!”

The following is a listing of some of our Governmental Special District Clients that our Audit Teams have served by County!

Kern County

*Bear Valley Community Services District
Indian Wells Valley Water District
Stallion Springs Community Services District*

Los Angeles County

*Castaic Lake Water Agency
Crescenta Valley Water District
Greater Los Angeles County Vector Control District
Long Beach Airport
Long Beach Water Department
Palmdale Water District
Palos Verdes Library District
San Gabriel Valley Municipal Water District
Sanitation Districts of LA County
Southern California Library Cooperative
Valley County Water District
Water Replenishment District*

Orange County

*Buena Park Library District
Capistrano Bay Community Services District
East Orange County Water District
El Toro Water District
Irvine Ranch Water District
Mesa Consolidated Water District
Nature Reserve of Orange County
Rossmoor/Los Alamitos Area Sewer District
Santiago County Water District
Southern California Coastal Water Resource Authority
Yorba Linda Water District*

Riverside County

*Beaumont-Cherry Valley Water District
Cabazon Water District
Coachella Valley Mosquito and Vector Control
Desert Recreation District
Edgemont Community Services District
Idyllwild Fire Protection District
Lake Hemet Municipal Water District
Northwest Mosquito and Vector Control
Santa Ana Watershed Project Authority
Temecula Public Cemetery District
Western Municipal Water District*

Santa Barbara County

*Goleta Water District
Montecito Water District
Santa Maria Public Airport Authority
Santa Ynez Community Services District
Summerland Sanitary District*

San Bernardino County

*Baldy Mesa Water District
Big Bear City Community Services District
Big River Community Services District
Chino Basin Water Conservation District
Chino Basin Watermaster
Helendale Community Services District
Hi-Desert Water District
Inland Empire Utilities Agency
Joshua Basin Water District
Mojave Water Agency
Monte Vista Water District
Phelan Pinon Hills Community Services District
San Bernardino Valley Water Conservation District
Victor Valley Wastewater Reclamation Authority
Water Facilities Authority - JPA
West Valley Mosquito and Vector Control District
West Valley Water District*

San Diego County

*Leucadia Wastewater District
Public Agency Self-Insurance System
Rincon Del Diablo Water District
Vallecitos Water District*

Ventura County

*Gold Coast Transit
Oxnard Harbor District
Pleasant Valley Recreation and Park District
Saticoy Sanitary District
Triunfo Sanitation District
Ventura County Resource Conservation District
Ventura Regional Sanitation District*

Northern California/Bay Area

*Aromas Water District
Avila Beach Community Services District
Butte County Mosquito and Vector Control District
Central Water District
Coastside County Water District
North Marin Water District
McKinleyville Community Services District
Oakdale Irrigation District
Pajaro Valley Water Management Agency
Purissima Hills Water District
San Lorenzo Valley Water District
Scotts Valley Water District
Solano Irrigation District
Soquel Creek Water District
Westborough Water District*

Firm Qualifications and Experience, continued

Quality Control

The Board of Commissioners of the Authority can measure the quality of the opinions expressed by Fedak & Brown LLP by evaluating the level of professional standards maintained by our Firm as discussed in this proposal. The Board of Commissioners can also measure the performance and quality control of our Firm by evaluating our participation in the profession's peer review process as well as evaluating our Firm's professional standards and quality of work ethic in discussions with our Firm's current client base in the special district industry.

Fedak & Brown LLP is pleased to announce the successful completion of our most recent independent quality review of our accounting and auditing practice, which included a review of specific governmental audit engagements. Our Firm's governmental audit engagements were reviewed as they related to governmental agencies and other special districts in the field of governmental auditing. After a thorough study of our procedures and work practices, the reviewers concluded that our Firm complies with the stringent quality control standards established by the American Institute of Certified Public Accountants (AICPA). Our Firm has received an unmodified opinion in every independent quality review that it has participated in since its inception of the program by the profession.

A team of independent CPAs, who were appointed by the California Society of Certified Public Accountants, conducted the review. Using guidelines established by the AICPA, the reviewers determined that our Firm has an effective quality control system and that our accounting and auditing work conforms to professional standards. Our Firm has not had any clients who have been the subject of any desk reviews. ***Our Firm has never been the subject of any disciplinary action by any State or Federal Agency in its entire existence.***

Our continued participation in required periodic quality reviews, our voluntary membership in the AICPA and California Society of CPAs, as well as our continuing professional education supports our commitment to quality and our high standards for client service.

Fedak & Brown LLP is an equal opportunity employer and certifies that our Firm is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all other applicable federal and state laws and regulations relating to equal opportunity employment, including Executive Order No. 11246 of September 24, 1965. Our Firm is committed to affirmative action in hiring practices.

Firm Qualifications and Experience, continued

Marcia J. Hein, CPA

5922 Bromborough Drive

Windsor, CO 80550

Phone: (970) 775-7332 e-mail: marcia@mjh-cpa.com

Report on the Firm's System of Quality Control

April 29, 2019

To the Partners
Fedak & Brown, LLP
and the Peer Review Committee of the California Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of Fedak & Brown, LLP (the firm) in effect for the year ended September 30, 2018. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, in any.

Peer Reviewer's Responsibility

My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act.

As a part of my peer review, I considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of my procedures.

Opinion

In my opinion, the system of quality control for the accounting and auditing practice of Fedak & Brown, LLP in effect for the year ended September 30, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Fedak & Brown, LLP has received a peer review rating of *pass*.

Marcia J. Hein, CPA

Marcia J. Hein, CPA

Partner, Supervisory, Staff Qualifications and Experience

Summary Qualification of Key Personnel

Our Firm's philosophy is to take a team approach with our clients in conducting our audit engagements. A properly developed, mutually agreeable timeline results in the most efficient engagement. We want you to not only think of us as your auditor, but as a resource to be used whenever the need occurs. Also, it is our Firm's philosophy to have our partners, audit managers and audit supervisors involved in the day-to-day audit details of our clients.

You will have an Engagement Partner as well as a Technical Review Partner, a governmental audit Supervisor assigned to the Authority's audit; in addition, one or more staff accountants (governmental auditing staff only) will be assigned to the audit. All team members work in the field while the audit fieldwork is in process. Each team member has the following responsibilities:

The engagement partner is responsible for all services provided to the Authority. The engagement partner's responsibilities consist of the overall planning, supervision and review of the audit test work, and preparation of the audit report.

The governmental audit manager is responsible for coordinating the audit test work, which includes the on-site supervision of staff, and preparation of the audit report.

Once audit test work is completed, the governmental audit manager will work with the supervisor to complete the reports for the Authority for all recipients. The manager will be your contact throughout the engagement year.

The governmental audit staff accountant will be in the field conducting the audit test work. The staff accountant is responsible for testing internal controls and substantive testing procedures and will interact with your staff at your staff's convenience.

Prior to discussions with your staff, the staff accountant will make sure that all facts have been evaluated to minimize utilizing your staff's time for audit assistance purposes.

Knowledge and Understanding of Local Environment

The engagement team members strive to be experts within the governmental sphere. We keep ourselves apprised of current issues affecting the Authority's operating environment.

Partner Participation

The partner in charge of the audit will be available to attend meetings of the Authority's Administrative/Finance Committee and the Boards of Commissioners to discuss and report on the audit process and the deliverables associated with the audit. We will provide the Authority with accounting advice regarding subjects that could affect the report, particularly those that will directly impact its recipients.

Partner, Supervisory, Staff Qualifications and Experience

CHRISTOPHER J. BROWN, CPA, CGMA MANAGING / ENGAGEMENT PARTNER

Education:	Bachelor of Arts - Business Administration: Finance – California State University, San Bernardino 1995 Accountancy – California State University, San Bernardino 1999
License:	Certified Public Accountant – 2002
Continuing Education	Total hours were over 90 hours in last two years of which 32 were in governmental accounting and auditing subjects. Mr. Brown has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants Government Finance Officers Association California Society of Municipal Finance Officers Association
Experience	<p>Christopher J. Brown is a CPA in the State of California and has over eighteen years of experience in public accounting and auditing governmental entities having worked at a national firm. Mr. Brown holds a Bachelor's Degree from California State University, San Bernardino. He has extensive experience in the areas of governmental financial and compliance reporting.</p> <p>Member of Board of Directors – Treasurer, Riverside County Philharmonic</p> <p>Mr. Brown's public accounting experience includes tenure with CPA firm RSM. He is also involved in auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. Has thorough knowledge in Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act.</p> <p>Mr. Brown has provided significant audit and accounting services to various governmental entities. In these accounting engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures. He has also been involved in the implementation of performance management budgeting and planning processes.</p> <p>He is currently involved on the following major governmental engagements:</p> <ul style="list-style-type: none">➤ Solano Irrigation District➤ Oakdale Irrigation District➤ Tri-Dam Project & Tr-Dam Authority➤ Hi-Desert Water District➤ Indian Wells Valley Water District➤ Monte Vista Water District➤ Joshua Basin Water District➤ Santa Maria Public Airport District➤ Phelan Pinon Hills Community Services District➤ Bear Valley Community Services District

Partner, Supervisory, Staff Qualifications and Experience

ANDY BECK, CPA FIELD PARTNER

Education:	Bachelor of Arts in Economics – University of California, Irvine 2001
License:	Certified Public Accountant – 2008
Continuing Education	Total hours were 90 hours in last two years of which 24 were in governmental accounting and auditing subjects. Mr. Beck has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants
Experience	<p>Over fifteen years of experience in public accounting and auditing governmental entities, not-for-profit organizations, and employee benefit plans. Mr. Beck is involved in 20%-30% of the Special District clients served by our Firm.</p> <p>Andy Beck is a CPA in the State of California and has been in public accounting for approximately 15 years. Mr. Beck holds a Bachelors of Science Degree in Economics from the University of California Irvine. He has extensive experience in the audits of governmental entities.</p> <p>He has been involved on the following governmental special districts engagements:</p> <ul style="list-style-type: none">➤ Pajaro Valley Water Management Agency➤ Victor Valley Wastewater Reclamation Authority➤ Hi-Desert Water District (Water & Wastewater)➤ Mckinleyville Community Services District➤ Avila Beach Community Services District➤ Solano Irrigation District➤ Oakdale Irrigation District➤ Aromas Water District➤ Central Water District➤ San Lorenzo Valley Water District➤ Santa Maria Public Airport District➤ Butte County Mosquito and Vector Control District➤ Antelope Valley Air Quality Management District➤ Mojave Desert Air Quality Management District

Partner, Supervisory, Staff Qualifications and Experience, continued

**CHARLES Z. FEDAK, CPA, MBA
TECHNICAL REVIEW**

Education:	Bachelor of Science – Business Administration: Accountancy – California State University, Long Beach 1973 Master of Business Administration – California State University, Long Beach 1984
License:	Certified Public Accountant - 1983
Continuing Education	Total hours were 136 hours in last two years of which 32 were in governmental accounting and auditing subjects. Mr. Fedak has the Governmental Auditing Standards requirement for governmental CPE.
Memberships	California Society of Certified Public Accountants American Institute of Certified Public Accountants National Association of Corporate Directors
Experience	<p>Charles Z. Fedak is a CPA in the State of California and has been in public accounting for forty-two plus years, having worked seven years at the national firm level before starting his own practice in January of 1981. Mr. Fedak holds a Bachelors of Science Degree in Accounting and a Masters in Business Administration from California State University, Long Beach. He has extensive experience in the audits of governmental entities including cities, towns, and special districts, while working at the national firm level as well as in our own Firm.</p> <p>Mr. Fedak’s public accounting experience includes tenure with Big Four CPA Firms, Ernst & Young (“EY”) and KPMG. He is also involved in auditing of governmental and non-profit entities as well as medium to large manufacturing, construction and service oriented corporations. He has thorough knowledge of Generally Accepted Accounting Principles, Governmental Accounting, and Auditing Standards as well as the Single Audit Act. His work experience also includes tax planning and preparation at the corporate, individual, estate and trust levels.</p> <p>Member of Board of Directors – Molina Healthcare, Inc. (MOH) New York Stock Exchange 2002 – 2019</p> <ul style="list-style-type: none">➤ Chairman, Compensation Committee – MOH; 2002 – 2006➤ Chairman, Audit Committee – MOH; 2004 – 2019 <p>Mr. Fedak has also participated in various tours and educational trips sponsored by the Metropolitan Water District, including the southern section of the Colorado River and the northern portion of the California Delta as they both relate to the State Water Project.</p>

Partner, Supervisory, Staff Qualifications and Experience, continued

**JEFF PALMER
AUDIT SUPERVISOR**

Education: Bachelor of Science – Business Administration: Accountancy & Finance – California State University, Long Beach 2005

License: In Process

Continuing Education: Total hours were 80 hours in last three years of which 32 were in governmental accounting and auditing subjects. Mr. Palmer meets the Governmental Auditing Standards requirement for governmental CPE.

Memberships: California Society of Certified Public Accountants
American Institute of Certified Public Accountants

Experience: Over fourteen years of experience in public accounting and auditing of governmental, private, and non-profit entities. Relevant governmental experience includes cities, special districts, airports, transportation agencies, and public financing authorities. He has extensive experience in conducting financial audits under GAO Yellow Book standards and compliance single audits in accordance with OMB 2 CFR part 200, subpart F. He has assisted clients in implementation and publishing their Comprehensive Annual Financial Reports in compliance with GFOA requirements.

Mr. Palmer has provided significant audit, accounting, and consulting services to various governmental entities. In these accounting and auditing engagements, he has been involved in the strategic planning processes, design and implementation of policies and procedures, performance management budgeting and planning processes, financial reviews, and cash management practices. In these consulting engagements, he has provided services including franchise tax compliance reviews, excise tax compliance and reporting reviews, and enterprise utility tax-exempt purchasing reviews.

He has been involved on the following governmental special districts engagements:

- La Puente Valley County Water District
- Monte Vista Water District
- Crescenta Valley Water District
- Orange County Water District
- Indian Wells Valley Water District
- North Marin Water District
- Westborough Water District
- Coastside County Water District
- Mojave Water Agency
- Bighorn Desert View Water Agency
- Santa Maria Public Airport District
- Phelan Pinon Hills Community Services District
- Helendale Community Services District
- Bear Valley Community Services District

References

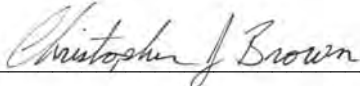
References

Presented below are four client references of officials of California Special Districts and/or agencies. Please do not hesitate to contact these references regarding our Firm and the high level of service we provide.

<p>1. Ms. Cammie Morin, Finance Manager Solano Irrigation District 810 Vaca Valley Parkway, Suite 201 Vacaville, CA 95688</p>	<p>Irrigation District Annual Audit – Financial Statement 707.448.6847 Audit Hours: 160</p>
<p>2. Mr. Jonathan Abadesco, Assist GM, CFO Hi-Desert Water District 55439 29 Palms Hwy. Yucca Valley, CA 92284</p>	<p>Water/Wastewater District Annual Audit (ACFR) 760.365.8333 Audit Hours: 220</p>
<p>3. Ms. Colleen Trask, CFO McKinleyville Community Services District 1656 Sutter Road McKinleyville, CA 95519</p>	<p>Water/Wastewater/Parks District Annual Audit 707.839.3251 Audit Hours: 220</p>
<p>4. Mr. Brian Lockwood, General Manager Pajaro Valley Water Management Agency 36 Brennan Street Watsonville, CA 95076</p>	<p>Water Agency Annual Audit 831.722.9292 Audit Hours: 180</p>

Firm Provided Affirmations

- A. Fedak & Brown LLP affirms that the Firm and all key professional staff are properly registered and licensed or supervised by certified public accountants in good standing duly authorized to practice in the State of California.
- B. Fedak & Brown LLP affirms that the Firm is independent of the District, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States.
- C. Fedak & Brown LLP affirms that the Firm currently maintains errors and omissions insurance coverage in the aggregate amount of one million dollars and general liability coverage of two million dollars. The Firm will provide the required insurance coverage and Accord insurance form to the Authority upon acceptance of the audit engagement.
- D. Fedak & Brown LLP affirms that it has the necessary experience to conduct high-quality audits of local government and enterprise special districts and agencies in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial and compliance audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States and the Single Audit Act. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
- E. Fedak & Brown LLP affirms that it will meet your timing requirements to begin and complete the audit of the Authority.
- F. Fedak & Brown LLP affirms that it will staff the audit of the Authority with experienced personnel and not use this audit as training grounds for new staff and that no person designated as “key” to the project shall be removed or replaced without the prior written consent of the Authority.
- G. Fedak & Brown LLP affirms that it has never been the subject of any lawsuits, claims of fraud, malpractice and/or disciplinary action by any State or Federal District in relation to the Firm’s governmental practice in its entire existence.
- H. Fedak & Brown LLP affirms that it has not been censured or disciplined from the State Board of Accountancy.
- I. Fedak & Brown LLP affirms that it will allow the Authority or their designee access to pertinent Authority audit work papers, financial reports, and management letters.
- J. Fedak & Brown LLP affirms that it has never filed bankruptcy, there is no pending litigation against the Firm, there are no planned office closings, there are no impending mergers, and there are no potential labor disputes that may impede us the ability to complete the audit for the Authority.

Signature of Authorized Official: 
Name: Christopher J Brown, CPA CGMA
Title: Managing Partner
Firm: Fedak & Brown LLP
Date: March 16, 2022

Our Specific Approach to your Audit

Specific Audit Approach

Our Firm's audit approach is tailored to each client in the following manner:

- We understand the significant work requirements of our clients. We work with our clients' schedules when scheduling segments of the audit or requesting documentation in order to minimize disruption during the audit process.
- We strive to utilize support already prepared by our clients in order to avoid duplication or unnecessary requests for audit supporting schedules.
- We have implemented a paperless audit process that utilizes CCH ProSystems fx Engagement ® and Practitioners Publishing Company software packages. These platforms provide for greater efficiency within the audit process. In addition, we fully embrace the utilization of data extraction capabilities within a client's reporting system to further increase efficiency and reduce demands on client staff time.
- Our staff is trained and familiar with government accounting and audit concepts, so you will see the difference in working with our professional staff.
- We audit various large and small governmental organizations, allowing us to consult with our clients on implementing various best-practices in their organizations.
- We believe that regular communication is the most important part of the audit process; as a result, we ask that if you ever have any questions about any financial, accounting, or audit issues, please contact us anytime throughout the year.

Interim Audit Planning and Testwork

Planning is necessary to ensure a quality audit, efficient use of professional staff and timely delivery of reports. Adequate planning of the audit is essential to minimize disruption of the ongoing daily operations of the Authority and their recipients. We have developed a comprehensive, efficient planning process. We will begin the planning of the audit upon notification of award of the contract.

Tasks to be accomplished during the planning phase include:

- Conducting an Audit Entrance Conference with the Authority's Board of Commissioners and management to discuss the scope and timing of the audit test work, the availability of the Authority's accounting staff, prior audit problems encountered, the extent of interim audit test work to be performed, the establishment of a liaison for the audit, and the arrangements for workspace and other needs to conduct the audit test work.
- Reviewing the Board minutes, agreements/contracts, and applicable strategy for the audit period.
- Interviewing finance staff regarding internal controls.
- Discussing the status of prior year's audit findings, if any.
- Review of the Authority's internal control structure and communication of recommendations to the Authority's management team concerning Authority policies and procedures.
- Tests of controls of audit areas to determine the effectiveness of the Authority's internal control structure. (Minimum of 25 selections per area – revenue, expenses, payroll, bank reconciliations)
- Evaluation of any unusual items noted from our analytical procedures.
- Reviewing of important contracts, debt issues, leases and joint power agreements.

Our Specific Approach to your Audit, continued

Interim Audit Planning and Testwork, continued

- Providing the Authority with suggestions regarding the closing of the Authority's books after year end. Our assistance and communication in the closing of the Authority's books is expected to minimize the number of audit adjustments required after the close of Authority's books.

After we obtain an understanding of the Authority's internal controls, evaluate their design and implementation and perform our interim test work we will determine the nature, scope, and timing for our final audit test work.

Final Audit Test Work

After the final closing of the Authority's books and preparation of final trial balances and audit supporting schedule by Authority personnel, we will commence performing our *final audit testwork*.

Our final examination will include analysis of critical audit areas which we deem necessary, including:

- Analysis of cash and investment balances to online bank and brokerage websites.
- Analysis of bank reconciliations.
- Analysis of accounts receivable, delinquent balances and relative ratios.
- Analysis of unbilled receivables.
- Analysis of allocations of interest income.
- Analysis and testing of capital assets: construction-in-progress, significant additions/disposals, and related depreciation.
- Analysis of deferred outflows of resources balances and related amortization.
- Analysis of accounts payable.
- Performance of a search for unrecorded liabilities.
- Analysis and testing of valuation of the liabilities for compensated absences.
- Analysis of long term debt balances.
- Analysis of the annual roll-forward of net pension liability balances.
- Analysis of net other post-employment benefit liability (as required)
- Analysis of unearned revenue.
- Analysis of deferred inflows of resources balances and related amortization.
- Analysis of the proper establishment of reserves and designations.
- Analysis of significant grant agreements, awards and contracts.
- Analysis of significant events after year end (through the completion of our audit).
- Analysis of attorney letters for significant legal matters affecting the Authority's financial position.

The abovementioned analysis and inquiries are only a sample of the tests performed during the examination and is not meant to be all inclusive.

Audit Completion

At the completion of the audit each year, we will meet with the Authority's management team to review our audit findings. We will communicate all deficiencies in controls which may assist the Authority in strengthening the internal control structure. Comments and recommendations relating to the accounting system will also be discussed. Finally, we will discuss all findings noted during the engagement. After discussion, the final report will be submitted to the Authority.

Our Specific Approach to your Audit, continued

Identification and Communication of Internal Control Matters

The objective of our audit is to form an opinion on the Authority. Our objective is not to identify deficiencies in internal controls; however, when control deficiencies are identified in the course of our audit and if they constitute significant deficiencies or material weaknesses, we will communicate in writing those deficiencies to those charged with governance and the Authority's management.

Audit Documentation

We will document matters pertaining to our audit planning and audit test work. The audit documentation will clearly demonstrate procedures performed, evidence obtained, and conclusions reached.

Communication with Management and the Board of Commissioners

In addition to our written reports, we believe an oral presentation to the Authority's management, Administrative/Finance Committee, and the Board of Commissioners, to be a minimum service provided by our Firm and would be pleased to schedule a mutually convenient time for such a presentation at the conclusion of the engagement or any time during the progression of the audit.

Other Assistance

Providing management assistance requires more than having talented people on staff; it requires a pro-active approach. First, we assign experienced senior level professionals to our engagements. Our client base of governmental entities and commercial companies demands broad business and industry experience, as well as technical expertise. Those talented professionals have to be exposed to clients and develop an in-depth understanding of particular situations.

Second, we actively look for opportunities to provide assistance. We try to initiate rather than respond. For instance, if we believe a situation is developing, we will approach the client, offer to investigate and provide recommendations. If a formal project to address the problem is required, we will define the approach, execute the assignment and follow through with implementation assistance.

Our Specific Approach to your Audit, continued

Timing of Our Procedures

We understand that the Authority is looking for value in the professional relationship they have with their auditors. Value comes from the knowledge, experience, and dedication that our Firm employs. We stress employs because all of the knowledge and expertise shown on paper will reap no benefit to you unless it is applied. This application equates to time well spent. We have developed an audit plan that we feel will accomplish the objectives of the Authority and will meet your special needs.

In order to accomplish our audit objectives and meet your deadlines for delivery, the sequence and timing of our procedures are critical. Per the Authority’s schedule requirements, interim fieldwork will begin in May through June of each year (the Authority’s preference of dates) of each year. Final fieldwork will be completed by the beginning of November (the Authority’s preference of dates).

Delivery of the financial statements and Management Report no later than November.

In the table that follows, we provide a summary of our planned activities and their timing based on our understanding of Authority requirements:

Timing	Activity
Between March through May May - June	Audit Planning Interim Fieldwork - Conduct audit entrance conference. Perform preliminary procedures including: initial control assessments, minute and contract/major agreement review, major transaction review, conduct EDP review, final controls assessment, determination of specific audit procedures, provide finance department with audit plan and listing of audit schedules required, conduct progress conference with key Finance Personnel. Complete test for Federal Awards (if required). Communication with Authority’s Management about interim fieldwork status and any potential findings or issues.
July	Provide a detailed audit plan and list of schedules to be prepared by the Authority’
Mid-September - November	Final Audit Conduct audit exit conference, including discussion of draft AJE’s and Management Letter comments (if any).
By Mid-November	Provide draft of the Financial Statements and Management Report.
By the last week of November	Finalize Financial Statements
January of the following year February of the following year State	Controller’s Report Final Single Audit (if applicable)



**Certified
Public
Accountants**



**Consultants
& Advisors**



SANTA ANA WATERSHED PROJECT AUTHORITY

Cost Proposal

**For the Years
2022 Through 2024 and
Optional Years 2025 and 2026**

**Christopher J Brown CPA CGMA
Andy Beck, CPA**

6081 Orange Avenue
Cypress, California 90630

1945 Chicago Avenue, Suite C-1
Riverside, California 92507

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Email: chris@fedakbrownllp.com

California BOA License Number: 7723





Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

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Riverside, California 92507
(951) 783-9149

March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Independent Auditor Services

Dear Board of Commissioners:

We are pleased to provide our proposal to provide audit services to the Santa Ana Watershed Project Authority (Authority) based on our understanding of Authority requirements.

We base these fees on the estimated hours using our discounted hourly rates. The components of this proposal including: annual audit services, out-of-pocket costs, single audit (as required), for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026 are itemized in the attached Exhibits.

Our maximum not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services, if they are requested by the Authority.

I am authorized to make representations for Fedak & Brown LLP and am duly authorized to sign a contract with the Authority.

Christopher J Brown, CPA CGMA

March 16, 2022

Date

Exhibit I – Proposed Hours and Our Fees

Proposed Hours and Our Fees

We anticipate that, for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, the audit of the Authority will approximate 170 hours by major area, are summarized as follows:

Breakout of Audit Hours				
Audit Steps	Partner	Mgr/Sup	Staff	Total
Planning	2	5	10	17
Controls Testwork	5	15	20	40
Substantive Testwork	8	30	40	78
Reporting	10	15	10	35
	25	65	80	170

As shown above, we expect approximately 53% of engagement hours to come from Partners, Managers, and Supervisors assigned to the engagement in fiscal year 2022, through 2024, and optional years 2025 and 2026, respectively.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the Authority at fees as stated in the attached Exhibit II -Schedule of Professional Fees on Page 3 for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, respectively.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the Authority's personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice.

Based upon the present size and scope of the activities of the Authority, we expect to perform the services enumerated above at our discounted standard hourly rates. Our discounted standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits. We have provided a breakdown of our current hourly rates, which would apply to this engagement on the attached Exhibit III - Schedule of Fees By Hours on Pages 4 and 5 of this cost proposal.

In accordance with your request for proposal, we will maintain our work papers for at least seven years and make them available to the Authority, state agencies, the General Accounting Office, and other parties upon the direction of the Authority.

We want the Board to understand that we will provide any assistance and answer any questions that the Authority's staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the Authority's activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the Authority. Because of our experience in special districts and our interest in the Authority, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

Exhibit II – Schedule of Professional Fees

Santa Ana Watershed Project Authority

<u>Engagement Fees By Fiscal Years</u>	<u>Audit Service Fees*</u>	<u>Not-to-Exceed Estimate of Out of Pocket Costs**</u>	<u>State Controller's Report</u>	<u>Total Fee</u>	<u>Additional Items Single Audit (if required)</u>
Fiscal Year 2022	\$ 19,500	500	750	20,750	5,000
Fiscal Year 2023	19,930	500	750	21,180	5,160
Fiscal Year 2024	20,360	500	750	21,610	5,280
Total Three Year Contract Price	\$ 59,790	1,500	2,250	63,540	15,440
Optional Years					
Fiscal Year 2025	20,790	500	750	22,040	5,400
Fiscal Year 2026	21,220	500	750	22,470	5,480

* Professional fiscal audit services fees – labor only.

** Estimate of out-of-pocket costs consist of: travel, mileage, postage and printing costs. Out-of-pocket costs may not be fully utilized.

Please note that any additional services requested by the Authority during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules.

Exhibit III – Schedule of Fees By Hours

Santa Ana Watershed Project Authority Fiscal Year 2022

Breakdown of Fees by Hours

Fiscal Year 2022 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 160	\$ 4,000
Manager/Supervisor	65	140	9,100
Staff	80	80	6,400
Total Financial Statement Audit for 2022	170		19,500
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2022	176		20,750
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2022	40	125	5,000

Santa Ana Watershed Project Authority Fiscal Year 2023

Breakdown of Fees by Hours

Fiscal Year 2023 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 163	\$ 4,075
Manager/Supervisor	65	143	9,295
Staff	80	82	6,560
Total Financial Statement Audit for 2023	170		19,930
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2023	176		21,180
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2023	40	129	5,160

Santa Ana Watershed Project Authority Fiscal Year 2024

Breakdown of Fees by Hours

Fiscal Year 2024 Audit of:	<u>Hours</u>	<u>Hourly Rates</u>	<u>Total</u>
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	25	\$ 166	\$ 4,150
Manager/Supervisor	65	146	9,490
Staff	80	84	6,720
Total Financial Statement Audit for 2024	170		20,360
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			500
Preparation of the Authority's State Controller's Report	6	125	750
Total Fee for 2024	176		21,610
Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2024	40	132	5,280

Exhibit III – Schedule of Fees By Hours

**Santa Ana Watershed Project Authority
Optional - Fiscal Year 2025**

Breakdown of Fees by Hours

	Hours		Hourly Rates		Total
Fiscal Year 2025 Audit of:					
Authority's Annual Comprehensive Financial Report					
Partner - Engagement & Technical	25	\$	169	\$	4,225
Manager/Supervisor	65		149		9,685
Staff	80		86		6,880
Total Financial Statement Audit for 2025	170				20,790
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)					500
Preparation of the Authority's State Controller's Report	6		125		750
Total Fee for 2025	176				22,040
 Additional Item Asked to be Priced by the Authority					
Single Audit of Federal Awards (as required) 2025	40		135		5,400

**Santa Ana Watershed Project Authority
Optional - Fiscal Year 2026**

Breakdown of Fees by Hours

	Hours		Hourly Rates		Total
Fiscal Year 2026 Audit of:					
Authority's Annual Comprehensive Financial Report					
Partner - Engagement & Technical	25	\$	172	\$	4,300
Manager/Supervisor	65		152		9,880
Staff	80		88		7,040
Total Financial Statement Audit for 2026	170				21,220
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)					500
Preparation of the Authority's State Controller's Report	6		125		750
Total Fee for 2026	176				22,470
 Additional Item Asked to be Priced by the Authority					
Single Audit of Federal Awards (as required) 2026	40		137		5,480

LAKE ELSINORE & SAN JACINTO WATERSHEDS AUTHORITY

Cost Proposal

For the Years

2022 Through 2024 and
Optional Years 2025 and 2026

Christopher J Brown CPA CGMA
Andy Beck, CPA

6081 Orange Avenue
Cypress, California 90630

1945 Chicago Avenue, Suite C-1
Riverside, California 92507

Phone: (657) 214-2307
Email: chris@fedakbrownllp.com

California BOA License Number: 7723



**Certified
Public
Accountants**



**Consultants
& Advisors**





Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Andy Beck, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
1945 Chicago Avenue, Suite C-1
Riverside, California 92507
(951) 783-9149

March 16, 2022

To the Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: Proposal for Continued Independent Auditor Services

Dear Board of Commissioners:

We are pleased to provide our proposal to provide audit services to the Lake Elsinore and San Jacinto Watersheds Authority (Authority) based on our understanding of Authority requirements.

We base these fees on the estimated hours using our discounted hourly rates. The components of this proposal including: annual audit services, out-of-pocket costs, single audit (as required), for the year ending June 30, 2022, through 2024, and optional years 2025 and 2026 are itemized in the attached Exhibits.

Our maximum not-to-exceed fee proposal is contingent upon our understanding of your requirements and the assistance we require as noted in our original audit technical proposal.

Additional services not included in this proposal will be based on our discounted billing rates based on the level of experience required. We would execute a separate contract for these services, if they are requested by the Authority.

I am authorized to make representations for Fedak & Brown LLP and am duly authorized to sign a contract with the Authority.

Christopher J Brown, CPA CGMA

March 16, 2022

Date

Exhibit I – Proposed Hours and Our Fees

Proposed Hours and Our Fees

We anticipate that, for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, the audit of the Authority will approximate 40 hours by major area, are summarized as follows:

Breakout of Audit Hours				
Audit Steps	Partner	Mgr/Sup	Staff	Total
Planning	1	1	2	4
Controls Testwork	1	2	4	7
Substantive Testwork	1	4	6	11
Reporting	2	8	8	18
	5	15	20	40

As shown above, we expect approximately 50% of engagement hours to come from Partners, Managers, and Supervisors assigned to the engagement in fiscal year 2022, through 2024, and optional years 2025 and 2026, respectively.

Working on the premise that we will be provided with a year-end trial balance, along with an audit package of reconciled balances and supporting schedules of all balance sheet accounts, we expect to perform the audit of the Authority at fees as stated in the attached Exhibit II -Schedule of Professional Fees on Page 3 for the years ending June 30, 2022, through 2024, and optional years 2025 and 2026, respectively.

Our fees are based on the product of the time spent on the engagement and the billing rates of the individuals assigned, plus out-of-pocket costs (such as, report reproductions, typing, postage, travel, copies, telephone, etc.). We will obtain the assistance of the Authority’s personnel to the extent possible and otherwise endeavor to keep these charges to a minimum. We will submit progress billings monthly to your office as our work progresses, which will be due and payable thirty days from the date of the invoice.

Based upon the present size and scope of the activities of the Authority, we expect to perform the services enumerated above at our discounted standard hourly rates. Our discounted standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to the audits. We have provided a breakdown of our current hourly rates, which would apply to this engagement on the attached Exhibit III - Schedule of Fees By Hours on Pages 4 and 5 of this cost proposal.

In accordance with your request for proposal, we will maintain our work papers for at least seven years and make them available to the Authority, state agencies, the General Accounting Office, and other parties upon the direction of the Authority.

We want the Board to understand that we will provide **any** assistance and answer **any** questions that the Authority’s staff or members of the Board may have when they arise for the entire duration of our contract. We find it important to stay abreast of the Authority’s activities and accounting issues during the entire engagement.

We would like to thank you and the Board for the opportunity to submit a proposal for the auditing services of the Authority. Because of our experience in special districts and our interest in the Authority, we will provide you with assistance in your operations as well as meet the audit needs of the organization. We will also continually make recommendations on these and other matters that come to our attention. We are proud of the professional services we provide and encourage you to make inquiries to any of our clients about their satisfaction with our services and the quality of our staff.

Exhibit II – Schedule of Professional Fees

Lake Elsinore and San Jacinto Watersheds Authority

<u>Engagement Fees By Fiscal Years</u>	<u>Audit Service Fees*</u>	<u>Not-to-Exceed Estimate of Out of Pocket Costs**</u>	<u>State Controller's Report</u>	<u>Total Fee</u>	<u>Additional Items Single Audit (if required)</u>
Fiscal Year 2022	\$ 4,500	200	625	5,325	5,000
Fiscal Year 2023	4,600	200	625	5,425	5,160
Fiscal Year 2024	4,700	200	625	5,525	5,280
Total Three Year Contract Price	\$ 13,800	600	1,875	16,275	15,440
Optional Years					
Fiscal Year 2025	4,800	200	625	5,625	5,400
Fiscal Year 2026	4,900	200	625	5,725	5,480

* Professional fiscal audit services fees – labor only.

** Estimate of out-of-pocket costs consist of: travel, mileage, postage and printing costs. Out-of-pocket costs may not be fully utilized.

Please note that any additional services requested by the Authority during the audit period shall be negotiated at the stated hourly rates per year as noted in the following schedules.

Exhibit III – Schedule of Fees By Hours

Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2022

Breakdown of Fees by Hours

Fiscal Year 2022 Audit of:	Hours	Hourly Rates	Total
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 160	\$ 800
Manager/Supervisor	15	140	2,100
Staff	20	80	1,600
Total Financial Statement Audit for 2022	40		4,500
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2022	45		5,325

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2022	40	125	5,000
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Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2023

Breakdown of Fees by Hours

Fiscal Year 2023 Audit of:	Hours	Hourly Rates	Total
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 163	\$ 815
Manager/Supervisor	15	143	2,145
Staff	20	82	1,640
Total Financial Statement Audit for 2023	40		4,600
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2023	45		5,425

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2023	40	129	5,160
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Lake Elsinore and San Jacinto Watersheds Authority Fiscal Year 2024

Breakdown of Fees by Hours

Fiscal Year 2024 Audit of:	Hours	Hourly Rates	Total
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 166	\$ 830
Manager/Supervisor	15	146	2,190
Staff	20	84	1,680
Total Financial Statement Audit for 2024	40		4,700
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2024	45		5,525

Additional Item Asked to be Priced by the Authority

Single Audit of Federal Awards (as required) 2024	40	132	5,280
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Exhibit III – Schedule of Fees By Hours

**Lake Elsinore and San Jacinto Watersheds Authority
Optional - Fiscal Year 2025**

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2025 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 169	\$ 845
Manager/Supervisor	15	149	2,235
Staff	20	86	1,720
Total Financial Statement Audit for 2025	40		4,800
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2025	45		5,625
 Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2025	40	135	5,400

**Lake Elsinore and San Jacinto Watersheds Authority
Optional - Fiscal Year 2026**

Breakdown of Fees by Hours

	Hours	Hourly Rates	Total
Fiscal Year 2026 Audit of:			
Authority's Annual Comprehensive Financial Report			
Partner - Engagement & Technical	5	\$ 172	\$ 860
Manager/Supervisor	15	152	2,280
Staff	20	88	1,760
Total Financial Statement Audit for 2026	40		4,900
Out-of-Pocket Expenses (Travel, Postage & Printing Costs)			200
Preparation of the Authority's State Controller's Report	5	125	625
Total Fee for 2026	45		5,725
 Additional Item Asked to be Priced by the Authority			
Single Audit of Federal Awards (as required) 2026	40	137	5,480



SANTA ANA WATERSHED PROJECT AUTHORITY
GENERAL SERVICES AGREEMENT FOR SERVICES BY INDEPENDENT CONSULTANT

This Agreement is made this **19th day of April, 2022** by and between the Santa Ana Watershed Project Authority ("SAWPA") located at 11615 Sterling Avenue, Riverside, CA 92503 and Fedak & Brown, LLP ("Consultant") whose address is 6081 Orange Avenue, Cypress, CA 90630.

RECITALS

This Agreement is entered into on the basis of the following facts, understandings, and intentions of the parties to this Agreement:

- SAWPA desires to engage the professional services of Consultant to perform such professional consulting services as may be assigned, from time to time, by SAWPA in writing;
- Consultant agrees to provide such services pursuant to, and in accordance with, the terms and conditions of this Agreement and has represented and warrants to SAWPA that Consultant possesses the necessary skills, qualifications, personnel, and equipment to provide such services; and
- The services to be performed by Consultant shall be specifically described in one or more written Task Orders issued by SAWPA to Consultant pursuant to this Agreement.

AGREEMENT

Now, therefore, in consideration of the foregoing Recitals and mutual covenants contained herein, SAWPA and Consultant agree to the following:

ARTICLE I

TERM OF AGREEMENT

1.01 This agreement shall become effective on the date first above written and shall continue until **December 31, 2025**, unless extended or sooner terminated as provided for herein.

ARTICLE II

SERVICES TO BE PERFORMED

2.01 Consultant agrees to provide such professional consulting services as may be assigned, from time to time, in writing by the Commission and the General Manager of SAWPA. Each assignment shall be made in the form of a written Task Order. Each such Task Order shall include, but shall not be limited to, a description of the nature and scope of the services to be performed by Consultant, the amount of compensation to be paid, and the expected time of completion.

2.02 Consultant may at Consultant's sole cost and expense, employ such competent and qualified independent professional associates, subcontractors, and consultants as Consultant deems necessary to perform each assignment; provided that Consultant shall not subcontract any work to be performed without the prior written consent of SAWPA.

ARTICLE III

COMPENSATION

3.01 In consideration for the services to be performed by Consultant, SAWPA agrees to pay Consultant as provided for in each Task Order.

3.02 Each Task Order shall specify a total not-to-exceed sum of money and shall be based upon the regular hourly rates customarily charged by Consultant to its clients.

3.03 Consultant shall not be compensated for any services rendered nor reimbursed for any expenses incurred in excess of those authorized in any Task Order unless approved in advance by the Commission and General Manager of SAWPA, in writing.

3.04 Unless otherwise provided for in any Task Order issued pursuant to this Agreement, payment of compensation earned shall be made in monthly installments after receipt from Consultant of a timely, detailed, corrected, written invoice by SAWPA's Project Manager, describing, without limitation, the services performed, when such services were performed, the time spent performing such services, the hourly rate charged therefore, and the identity of individuals performing such services for the benefit of SAWPA. Such invoices shall also include a detailed itemization of expenses incurred. Upon approval by an authorized SAWPA employee, SAWPA will pay within 30 days after receipt of a valid invoice from Consultant.

ARTICLE IV

CONSULTANT OBLIGATIONS

4.01 Consultant agrees to perform all assigned services in accordance with the terms and conditions of this Agreement including those specified in each Task Order. In performing the services required by this Agreement and any related Task Order Consultant shall comply with all local, state and federal laws, rules and regulations. Consultant shall also obtain and pay for any permits required for the services it performs under this Agreement and any related Task Order.

4.02 Except as otherwise provided for in each Task Order, Consultant will supply all personnel and equipment required to perform the assigned services.

4.03 Consultant shall be solely responsible for the health and safety of its employees, agents and subcontractors in performing the services assigned by SAWPA.

4.04 Insurance Coverage: Consultant shall procure and maintain for the duration of this Agreement insurance against claims for injuries or death to persons or damages to property which may arise from or in connection with the performance of the work hereunder and the results of that work by the Consultant, its agents, representatives, employees or sub-contractors.

4.04(a) Coverage - Coverage shall be at least as broad as the following:

- 1. Commercial General Liability (CGL)** - Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 00 01) including products and completed operations, property damage, bodily injury, personal and advertising injury with limit of at least two million dollars (\$2,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location (coverage as broad as the ISO CG 25 03, or ISO CG 25 04 endorsement provided to SAWPA) or the general aggregate limit shall be twice the required occurrence limit.
- 2. Automobile Liability** – (if necessary) Insurance Services Office (ISO) Business Auto Coverage (Form CA 00 01), covering Symbol 1 (any auto) or if Consultant has no owned autos, Symbol 8 (hired) and 9 (non-owned) with limit of one million dollars (\$1,000,000) for bodily injury and property damage each accident.
- 3. Workers' Compensation Insurance** - as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.
- 4. Professional Liability** - (Also known as Errors & Omission) Insurance appropriate to the Consultant profession, with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.
- 5. Cyber Liability Insurance (Technology Professional Liability – Errors and Omissions)** – If Consultant will be providing technology services, limits not less than \$2,000,000 per occurrence or claim, and \$2,000,000 aggregate or the full per occurrence limits of the policies available, whichever is greater. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Consultant in this Agreement and shall include, but not be limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress,

invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

If the Consultant maintains broader coverage and/or higher limits than the minimums shown above, SAWPA requires and shall be entitled to the broader coverage and/or higher limits maintained by the Consultant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to SAWPA.

4.04(b) If Claims Made Policies:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided **for at least five (5) years after completion of the contract of work.**
3. If coverage is canceled or non-renewed, and not **replaced with another claims-made policy form with a Retroactive Date** prior to the contract effective date, the Consultant must purchase "extended reporting" coverage for a minimum of **five (5) years** after completion of contract work.

4.04(c) Waiver of Subrogation: The insurer(s) named above agree to waive all rights of subrogation against SAWPA, its elected or appointed officers, officials, agents, authorized volunteers and employees for losses paid under the terms of this policy which arise from work performed by the Named Insured for the Agency; but this provision applies regardless of whether or not SAWPA has received a waiver of subrogation from the insurer.

4.04(d) Other Required Provisions - The general liability policy must contain, or be endorsed to contain, the following provisions:

1. **Additional Insured Status:** SAWPA, its directors, officers, employees, and authorized volunteers are to be given insured status (at least as broad as ISO Form CG 20 10 10 01), with respect to liability arising out of work or operations performed by or on behalf of the Consultant including materials, parts, or equipment furnished in connection with such work or operations.
2. **Primary Coverage:** For any claims related to this project, the Consultant's insurance coverage shall be primary at least as broad as ISO CG 20 01 04 13 as respects to SAWPA, its directors, officers, employees and authorized volunteers. Any insurance or self-insurance maintained by the Member Water Agency its directors, officers, employees and authorized volunteers shall be excess of the Consultant's insurance and shall not contribute with it.

4.04(e) Notice of Cancellation: Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to SAWPA.

4.04(f) Self-Insured Retentions - Self-insured retentions must be declared to and approved by SAWPA. SAWPA may require the Consultant to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention may be satisfied by either the named insured or SAWPA.

4.04(g) Acceptability of Insurers - Insurance is to be placed with insurers having a current A.M. Best rating of no less than A: VII or as otherwise approved by SAWPA.

4.04(h) Verification of Coverage – Consultant shall furnish SAWPA with certificates and amendatory endorsements or copies of the applicable policy language effecting coverage required by this clause. All certificates and endorsements are to be received and approved by SAWPA before work commences. However, failure to obtain the required documents prior to the work beginning shall not waive the Consultant's obligation to provide them. SAWPA reserves the right to require complete, certified copies of all required insurance policies, including policy Declaration pages and Endorsement pages.

4.04(i) Subcontractors - Consultant shall require and verify that all subcontractors maintain insurance meeting all the requirements stated herein, and Consultant shall ensure that SAWPA, its directors, officers, employees and authorized volunteers are additional insureds on Commercial General Liability Coverage.

4.05 Consultant hereby covenants and agrees that SAWPA, its officers, employees, and agents shall not be liable for any claims, liabilities, penalties, fines or any damage to property, whether real or personal, nor for any personal injury or death caused by, or resulting from, or claimed to have been caused by or resulting from, any negligence, recklessness, or willful misconduct of Consultant. To the extent permitted by law, Consultant shall hold harmless, defend at its own expense, and indemnify SAWPA, its directors, officers, employees, and authorized volunteers, against any and all liability, claims, losses, damages, or expenses, including reasonable attorney's fees and costs, arising from all acts or omissions of Consultant or its officers, agents, or employees in rendering services under this Agreement and any Task Order issued hereunder; excluding, however, such liability, claims, losses, damages or expenses arising from SAWPA's sole negligence or willful acts.

4.06 In the event that SAWPA requests that specific employees or agents of Consultant supervise or otherwise perform the services specified in each Task Order, Consultant shall ensure that such individual(s) shall be appointed and assigned the responsibility of performing the services.

4.07 In the event Consultant is required to prepare plans, drawings, specifications and/or estimates, the same shall be furnished with a registered professional engineer's number and shall conform to local, state and federal laws, rules and regulations. Consultant shall obtain all necessary permits and approvals in connection with this Agreement, any Task Order or Change Order. However, in the event SAWPA is required to obtain such an approval or permit from another governmental entity, Consultant shall provide all necessary supporting documents to be filed with such entity, and shall facilitate the acquisition of such approval or permit.

4.08 Consultant shall comply with all local, state and federal laws, rules and regulations including those regarding nondiscrimination and the payment of prevailing wages, if required by law.

ARTICLE V

SAWPA OBLIGATIONS

5.01 SAWPA shall:

5.01a Furnish all existing studies, reports and other available data pertinent to each Task Order that are in SAWPA's possession;

5.01b Designate a person to act as liaison between Consultant and the General Manager and Commission of SAWPA.

ARTICLE VI

ADDITIONAL SERVICES, CHANGES AND DELETIONS

6.01 During the term of this Agreement, the Commission of SAWPA may, from time to time and without affecting the validity of this Agreement or any Task Order issued pursuant thereto, order changes, deletions, and additional services by the issuance of written Change Orders authorized and approved by the Commission of SAWPA.

6.02 In the event Consultant performs additional or different services than those described in any Task Order or authorized Change Order without the prior written approval of the Commission of SAWPA, Consultant shall not be compensated for such services.

6.03 Consultant shall promptly advise SAWPA as soon as reasonably practicable upon gaining knowledge of a condition, event, or accumulation of events, which may affect the scope and/or cost of services to be provided pursuant to this Agreement. All proposed changes, modifications, deletions, and/or requests for additional services shall be reduced to writing for review and approval or rejection by the Commission of SAWPA.

6.04 In the event that SAWPA orders services deleted or reduced, compensation shall be deleted or reduced by a comparable amount as determined by SAWPA and Consultant shall only be compensated for services actually performed. In the event additional services are properly authorized, payment for the same shall be made as provided in Article III above.

ARTICLE VII

CONSTRUCTION PROJECTS: CONSULTANT CHANGE ORDERS

7.01 In the event SAWPA authorizes Consultant to perform construction management services for SAWPA, Consultant may determine, in the course of providing such services, that a Change Order should be issued to the construction contractor, or Consultant may receive a request for a Change Order from the construction contractor. Consultant shall, upon receipt of any requested Change Order or upon gaining knowledge of any condition, event, or accumulation of events, which may necessitate issuing a Change Order to the construction contractor, promptly consult with the liaison, General Manager and Commission of SAWPA. No Change Order shall be issued or executed without the prior approval of the Commission of SAWPA.

ARTICLE VIII

TERMINATION OF AGREEMENT

8.01 In the event the time specified for completion of an assigned task in a Task Order exceeds the term of this Agreement, the term of this Agreement shall be automatically extended for such additional time as is necessary to complete such Task Order and thereupon this Agreement shall automatically terminate without further notice.

8.02 Notwithstanding any other provision of this Agreement, SAWPA, at its sole option, may terminate this Agreement at any time by giving 10 day written notice to Consultant, whether or not a Task Order has been issued to Consultant.

8.03 In the event of termination, the payment of monies due Consultant for work performed prior to the effective date of such termination shall be paid after receipt of an invoice as provided in this Agreement.

ARTICLE IX

CONSULTANT STATUS

9.01 Consultant shall perform the services assigned by SAWPA in Consultant's own way as an independent contractor, in pursuit of Consultant's independent calling and not as an employee of SAWPA. Consultant shall be under the control of SAWPA only as to the result to be accomplished and the personnel assigned to perform services. However, Consultant shall regularly confer with SAWPA's liaison, General Manager, and Commission as provided for in this Agreement.

9.02 Consultant hereby specifically represents and warrants to SAWPA that the services to be rendered pursuant to this Agreement shall be performed in accordance with the standards customarily applicable to an experienced and competent professional consulting organization rendering the same or similar services. Furthermore, Consultant represents and warrants that the individual signing this Agreement on behalf of Consultant has the full authority to bind Consultant to this Agreement.

ARTICLE X

AUDIT AND OWNERSHIP OF DOCUMENTS

10.01 All draft and final reports, plans, drawings, specifications, data, notes, and all other documents of any kind or nature prepared or developed by Consultant in connection with the performance of services assigned to it by SAWPA are the sole property of SAWPA, and Consultant shall promptly deliver all such materials to SAWPA. Consultant may retain copies of the original documents, at its option and expense. Use of such documents by SAWPA for project(s) not the subject of this Agreement shall be at SAWPA's sole risk without legal liability or exposure to Consultant. SAWPA agrees to not release any software "code" without prior written approval from the Consultant.

10.02 Consultant shall retain and maintain, for a period not less than four years following termination of this Agreement, all time records, accounting records, and vouchers and all other records with respect to all matters concerning services performed, compensation paid and expenses reimbursed. At any time during normal business hours and as often as SAWPA may deem necessary, Consultant shall make available to SAWPA's agents for examination of all such records and will permit SAWPA's agents to audit, examine and reproduce such records.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.01 This Agreement supersedes any and all previous agreements, either oral or written, between the parties hereto with respect to the rendering of services by Consultant for SAWPA and contains all of the covenants and agreements between the parties with respect to the rendering of such services in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing signed by both parties.

11.02 Consultant shall not assign or otherwise transfer any rights or interest in this Agreement without the prior written consent of SAWPA. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

11.03 In the event Consultant is an individual person and dies prior to completion of this Agreement or any Task Order issued hereunder, any monies earned that may be due Consultant from SAWPA as of the date of death will be paid to Consultant's estate.

11.04 Time is of the essence in the performance of services required hereunder. Extensions of time within which to perform services may be granted by SAWPA if requested by Consultant and agreed to in writing by SAWPA. All such requests must be documented and substantiated and will only be granted as the result of unforeseeable and unavoidable delays not caused by the lack of foresight on the part of Consultant.

11.05 SAWPA expects that Consultant will devote its full energies, interest, abilities and productive time to the performance of its duties and obligations under this Agreement, and shall not engage in any other consulting activity that would interfere with the performance of Consultant's duties under this Agreement or create any conflicts of interest. If required by law, Consultant shall file a Conflict of Interest Statement with SAWPA.

11.06 Any dispute which may arise by and between SAWPA and the Consultant, including the Consultants, its employees, agents and subcontractors, shall be submitted to binding arbitration. Arbitration shall be conducted by a neutral, impartial arbitration service that the parties mutually agree upon, in accordance with its rules and procedures. The arbitrator must decide each and every dispute in accordance with the laws of the State of California, and all other applicable laws. Unless the parties stipulate to the contrary prior to the appointment of the arbitrator, all disputes shall first be submitted to non-binding mediation conducted by a neutral, impartial mediation service that the parties mutually agree upon, in accordance with its rules and procedures.

11.07 During the performance of the Agreement, Consultant and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (cancer), age (over 40), marital status and denial of family care leave. Consultant and its subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Consultant and its subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12290 et seq.) and the applicable regulations promulgated there under (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 et seq., set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Consultant and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. Consultant shall include the

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**SANTA ANA WATERSHED PROJECT AUTHORITY
TASK ORDER NO. FEBR100-01**

CONSULTANT: Fedak & Brown, LLP
6081 Orange Avenue
Cypress, CA 90630

VENDOR NO.: 1902

COST: \$78,980.00

PAYMENT: Upon Receipt of Proper Invoice

REQUESTED BY: Karen Williams, Deputy GM/CFO

April 19, 2022

FINANCE: _____
Karen Williams, Deputy GM/CFO Date

FINANCING SOURCE: Acct. Coding: 100-00-60120-00
Acct. Description: Audit Fees

COMMISSION AUTHORIZATION REQUIRED FOR THIS TASK ORDER: YES (X) NO ()
Authorization: April 19, 2022; CM#2022.24

This Task Order is issued upon approval and acceptance by the Santa Ana Watershed Project Authority (SAWPA) and Fedak & Brown, LLP (Consultant) pursuant to the General Services Agreement between SAWPA and Consultant, entered into on April 19, 2022, expiring December 31, 2025.

I. PROJECT NAME OR DESCRIPTION

Professional Audit Services

II. SCOPE OF WORK / TASKS TO BE PERFORMED

Consultant shall provide all labor, materials, and equipment for the services to perform the specific tasks as described in the attached proposal.

	2022	2023	2024
Audit	\$20,750	\$21,180	\$21,610
Single Audit (if needed)	\$5,000	\$5,160	\$5,280

Please refer to Appendix X for acceptable deliverable formats.

III. PERFORMANCE TIME FRAME

Consultant shall begin work April 19, 2022 and shall complete performance of such services by **June 30, 2023**.

IV. SAWPA LIAISON

Karen Williams shall serve as liaison between SAWPA and Consultant.

V. COMPENSATION

For all services rendered by Consultant pursuant to this Task Order, Consultant shall receive a total not-to-exceed sum of **\$78,980.00**. Payment for such services shall be made monthly upon receipt of timely and proper invoices from Consultant, as required by the above-mentioned Agreement. Each such invoice shall be provided to SAWPA by Consultant within 15 days after the end of the month in which the services were performed.



Santa Ana Watershed Project Authority
Proposal to Provide Professional Audit Services
For Fiscal Years ending June 30, 2022 through June 30, 2024
with an Option to Extend for Two (2) Additional Years

Submitted by:



11405 W. Bernardo Ct., Suite A

San Diego, CA 92127

Phone: (858) 939-0017 Fax: (858) 964-3754

March 17, 2022

Contact Person

Managing Partner: Sanwar Harshwal, CPA

Cell Phone: (858) 784-1622

Federal Employer ID Number: 27-0741376

Email - sanwar@harshwal.com Website: www.harshwal.com

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March 17, 2022

Santa Ana Watershed Project Authority
ATTN: Karen Williams, Deputy General Manager/Chief Financial Officer
11615 Sterling Avenue
Riverside, CA 92503

Dear Karen Williams and Evaluation Committee Members,

The partners and staff at Harshwal & Company, LLP are pleased to present our proposal to provide professional audit services. Our firm has experienced continuous growth and success as we meet and exceed client expectations. Our overall goal is to provide responsive, innovative services of the highest quality to our clients.

We understand that the Santa Ana Watershed Project Authority (referred to later in this proposal as the "SAWPA") requires a timely audit service; we are committed to meeting all terms, conditions and requirements addressed in this request for proposal. With our experience and knowledge, we fully understand the requirements and your expectations for the services to be provided.

We believe our firm is the best qualified to perform this engagement because our audit services are best performed by utilizing specialized resources and technical proficiency. Our expertise in governmental auditing and accounting combined with our vast access to resources empowers us to solve challenges encountered during the audit. Our highly trained engagement team will maintain a knowledgeable, yet, non-intrusive, approach to the audit to deliver an audit that is of exceptional quality that requires minimal disruptions of the SAWPA's on-going operations.

Understanding of the Work to be Done:

We understand that you require us to conduct an audit of the financial statements of the SAWPA for the fiscal years ending June 30, 2022 through June 30, 2024, with an option to extend for two (2) additional years, in accordance with generally accepted auditing standards and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Ability to Perform the Work within Provided Time Frame:

Harshwal & Company, LLP is benchmarked for providing the work within the time frame requested. Our team is committed to completing the audit on time, as they are fully equipped with contemporary technology, which will add value to a successful and timely delivery of the audit. We are responsive and solution oriented; providing quick responses on matters that require immediate attention, hence enhancing the quality of our audit. We focus on staff continuity, which enables us to develop and maintain an in-depth understanding of your operations, management style and operating practices, which ultimately allows us to offer you experienced resources, value-added services, specialization and overall better personal service, which again unequivocally results in a timely submission of the audit report.

Why Harshwal & Company, LLP:

- Extensive partner involvement on each engagement
- Presence of a manager and/or CPA always on site during fieldwork
- Consistent and experienced staff
- Timeliness of communications
- Proactive approach in addressing complex issues early in the engagement
- Availability to clients as a specialized resource
- Professionalism with understanding

Client Confidentiality and Security

- At Harshwal & Company, LLP, we are committed to safeguarding client information. Maintaining trust is one of the core values of our firm. Since your privacy is a priority to us, we will not share nonpublic information about you with third parties without your consent.
- In order to facilitate a highly secure method for exchanging electronic files between our firm and our clients, we have implemented a secure, trackable method for sharing large files via a hosted website called *Suralink*.
- All laptops of our audit and tax professionals are encrypted to protect our clients' information.

Our Managing Partner, Mr. Sanwar Harshwal, is authorized to represent the firm and he is the authorized person to contractually obligate the firm, to negotiate the contract on behalf of the firm and to be contacted for clarifications. He can be reached at 11405 W. Bernardo Ct., Suite A, San Diego CA 92127; Phone No. (858) 784-1622, Fax No. (858) 964-3754 or via an email at sanwar@harshwal.com.

Harshwal & Company, LLP is a small business enterprise that is SBA 8(a) certified, GSA vendor and a 100% minority owned CPA firm.

We thank you for your consideration and hope that you will provide us with the opportunity to serve your esteemed organization with our services.

Sincerely,

Harshwal & Company, LLP
Certified Public Accountants



Sanwar Harshwal, CPA, CIA, CISA, CFE
Managing Partner



STATEMENT OF INDEPENDENCE

We are independent of the Santa Ana Watershed Project Authority as defined by generally accepted auditing standards issued by the *U.S. General Accounting Office's Government Auditing Standards (2011)*. Before accepting any new engagement, we conduct a thorough check to ensure that there are no conflicts of interest or independence issues. This procedure is in compliance with the independence requirements of all regulatory agencies and, specifically, in compliance with the Standard for Audit of Governmental Organizations, Programs, and Activity Functions, as published by the U.S. General Accounting Office (GAO).

If selected as your audit firm, we will maintain and monitor our independence as well as reassess our independence with respect to your organization on an annual basis. We will continue to evaluate our independence as your external auditors and will give the SAWPA and its component unit written notice of any professional relationships involving the SAWPA and its component unit, if entered into, during the period of the audit contract.

LICENSE TO PRACTICE IN CALIFORNIA

The firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants, and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.

California State Board of Accountancy Number - PAR7299

STATE OF CALIFORNIA
dca
 DEPARTMENT OF CONSUMER AFFAIRS

CERTIFIED PUBLIC ACCOUNTANT PARTNERSHIP

REGISTRATION PAR 7299
 RECEIPT NO. 12492026

CALIFORNIA BOARD OF ACCOUNTANCY
 2450 VENTURE OAKS WAY, SUITE 300
 SACRAMENTO, CA 95833
 TELEPHONE: (916) 263-3680
 FACSIMILE: (916) 263-3672

VALID UNTIL OCTOBER 31, 2023

HARSHWAL & COMPANY LLP
 16870 W BERNARDO DRIVE
 STE 250
 SAN DIEGO CA 92127

In accordance with the provisions of Chapter 1, Division 3 of the Business and Professions Code, the firm named hereon is duly registered and entitled to practice as a Partnership.

09/07/21
09/07/21

----- POST IN PUBLIC VIEW -----

WABPAR 04/12/17





FIRM QUALIFICATIONS AND EXPERIENCE

Harshwal & Company, LLP was founded eleven years ago and is a locally established firm of CPAs, offering auditing, accounting, management consulting, IT services and other specialized services to various clients. Our client base consists of special districts, state and local governments, educational entities, not-for-profit organizations, tribes and tribal governments, and housing authorities throughout the United States. Our commitment to our clients has provided our firm with continued growth and success at developing and maintaining strong professional relationships. Our engagement team also has extensive experience in auditing and reviewing financial statements and has received GFOA.

The members of the firm have accumulated over four decades of experience in public auditing; primarily with international certified public auditing firms while employed in high-level supervisory positions. Individually, the partners and management staff are recognized in their respective areas for leadership roles, which they take part in promoting the high ideals of the auditing profession and for producing the highest quality services.

Our San Diego office will be providing audit services to the Santa Ana Watershed Project Authority. The address and phone number of our office is below:

San Diego, CA	11405 W. Bernardo Ct., Suite A San Diego, CA 92127	Phone: (858) 939-0017 Fax: (858) 964-3754
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Staff Size & Structure:

Financial Audit Team	Manpower
Managing Partner	01
Additional Partners	01
Audit Manager	02
CPAs and Senior Staff	08
Additional Staff	08
Total	20

One audit manager, one senior auditor, and one staff member will be assigned on a full-time basis, and one staff auditor and one senior auditor will be available on a part-time basis.

Services Provided by the Firm

Harshwal & Company, LLP is a full-service professional firm, providing comprehensive services commonly associated with larger firms. The firm is divided into the following departments and provides the following services:

- **Audit Department:** Provides audit services to commercial, governmental and non-profit organizations with a special emphasis on compliance audits in education, health and housing industries.





Proposal to Provide Professional Audit Services

- **Accounting Department:** Provides consulting services in setting up businesses and establishing accounting systems, books and records; assistance in maintaining business records; and preparing financial statements.
- **Tax Department:** Provides a wide range of tax preparation, tax planning and consulting for corporations, partnerships and individuals.
- **Management Advisory Services:** Our technical knowledge, training and business experience enable us to provide a broad range of management advisory services, which includes the following:
 - Designing and assisting in the installation of accounting systems to fit the requirements of a particular business.
 - Analyze existing accounting systems and recommend ways to improve controls and efficiency.
 - Assessment, installation and modification of computer hardware and software systems.
 - Consulting in management information systems.
 - Providing consultation about the use of management information systems for planning and control and the application of accounting and other controls.

Equal Opportunity Employer

Harshwal & Company, LLP is an equal employment opportunity employer and is in compliance with the Civil Rights Act of 1964, the State Fair Employment Practice Act, and all applicable federal and state laws and regulations relating to equality. We prohibit discrimination of qualified persons based on race, religion, color, sex, age, national origin, disability, sexual orientation, military status, or any other characteristic protected by applicable federal, state, or local law.

Desk & Field Reviews

From time to time, selected Harshwal & Company, LLP audit engagements are subject to desk review by federal or other regulators. In all such reviews during the past three years, the reviews have shown our work to be satisfactory, and no disciplinary or other administrative proceedings have resulted from those reviews. There has been no disciplinary action taken against Harshwal & Company, LLP's offices by the AICPA, or any State Board or Society in the last three years. There are also no such actions currently pending.

Disciplinary Action or Pending Litigation

Harshwal & Company, LLP's emphasis on quality has provided the firm with an excellent track record regarding claims related to professional services. Harshwal & Company, LLP has an impressive history, free of litigation, penalties and debt, and we have no sanctions or restrictions imposed by professional organizations, regulatory authorities or other government institutions. Harshwal & Company, LLP has never been debarred, suspended or otherwise excluded from or ineligible for participation in federal assistance programs or from receiving federal contracts, subcontracts or financial or non-financial assistance or benefits, under Executive Order 12549, "Debarment and Suspension" (24 CRT 85.35) or other federal laws, statutes, codes, ordinances, regulations or rules, at any time during the term of the agreement.





Partner, Supervisory and Staff Qualifications and Experience

The expertise and experience of Harshwal & Company, LLP's principals and personnel are at the core of the firm's excellence in performing audits of special districts. Harshwal & Company, LLP has experience providing exceptional client service and high-quality audit services through comprehensive knowledge and understanding of governmental accounting standards.

Staff Continuity over the Term of the Agreement: We focus on our team members as well as our clients. Our turnover is significantly lower than other national and regional service firms. This staff continuity enables us to develop and maintain an in-depth understanding of your operations, management style and operating practices, which ultimately allows us to offer you experienced resources, value-added services, industry specialization, and overall better personal service. This commitment to people also resides at our executive level where you will find a refreshingly greater hands-on approach compared to other service providers. Our culture stresses the importance of executive presence throughout projects and engagements.

Number of Staff Assigned to Audit

Name of Team Member	Role	Experience
Sanwar Harshwal, CPA, CIA, CISA, CFE	Managing Partner	38+ Years
Samson Reda, CPA	Senior Auditor	6+ Years
Garima Pathak	Audit Manager	6+ Years
Jitesh Bhakta (CPA 2 sections passed)	Staff Auditor	5+ Years
Kinjal Patel (CPA Passed)	Staff Auditor	5+ Years

Almost all of our assigned key personnel are licensed to practice as a Certified Public Accountant. In addition to the key personnel listed, additional staff will be assigned from our pool of highly qualified professionals.

We assure you regarding the quality of staff over the term of the engagement. We will not replace audit personnel except with prior written permission of the SAWPA. In case we change, we will provide replacements having better qualifications and experience.

We assure the SAWPA if we are selected as your auditors, we will not delegate or subcontract our responsibility without written consent of the SAWPA.





Audit Team Responsibilities

<u>Name/Position</u>	<u>Responsibility</u>
Sanwar Harshwal, CPA Managing Partner	<p>Sanwar Harshwal will be the managing partner in charge of administration, reviews, planning of the audit, approval of the audit scope and work, and review of work and liaison with the SAWPA. He is responsible for conducting the fieldwork, coordination of the audit plan, and ensuring that the plan formulated has been effectively followed and managed.</p> <p>He will coordinate with the manager and supervisor for proper fieldwork progress. He will also manage and organize the audit team's effort and ensure the various audit components are performed efficiently. He also has the responsibility for meeting with the SAWPA's management to keep them informed regarding the progress of the audit. The responsibility also extends to ensure smooth interaction of the firm with the SAWPA. He has final authority in the conduct of the engagement, and assumes full responsibility for the work performed.</p>
Samson Reda, CPA Senior Auditor	<p>Samson Reda, is a senior auditor in the firm's audit group and is in charge of the fieldwork. He will be responsible for preparation and maintenance of various work-papers required for audit report preparation.</p>
Garima Pathak Audit Manager	<p>Garima Pathak will provide SAWPA staff with updates to summarize our progress against the project timeline, and update the status of upcoming deliverables. She will also document discussions leading to important policy decisions and/or the choice of critical assumptions used in constructing the analysis and model.</p>
Jitesh Bhakta Staff Auditor	<p>Jitesh Bhakta, under the supervision of the auditor in charge of the fieldwork, will be responsible for preparation and maintenance of various work-papers required for audit report preparation.</p>
Kinjal Patel Staff Auditor	<p>Discharge audit duties and reviews under the direction and guidance of senior, perform studies, tests, reviews and analysis of accounts and financial transactions</p>

Overall Supervision to be Exercised

The audit will be managed by our firm's audit manager, Garima Pathak, who has extensive experience in audits of special districts. Garima Pathak has been in charge of various large audits, governmental funded programs, and community-based organizations receiving federal and state funds.





Audit Team Resumes

SANWAR HARSHWAL, CPA, CFE, CISA **Managing Partner**

Sanwar Harshwal is the Managing Partner of Harshwal & Company, LLP. He is a globetrotter and a trained technical speaker on auditing and global accounting standards, IT and internal controls, on fraud prevention, and on examinations and internal audits. With over 38+ years of experience with governmental auditing engagements, Mr. Harshwal is also a leading expert on emerging accounting challenges for special districts. Mr. Harshwal has attended AICPA seminars on GASB's New Financial Reporting Model and Financial Statements of Special Districts.

During the last 5 years, Mr. Harshwal has provided over 400 hours of training to several professionals on GASB, GAS, Uniform Guidance, FASB, SAAS, GAGAS, pension plan audits, COSO, COBIT, internal audits, fraud prevention and examination and tribal governmental governance issues. In addition to having significant experience in audits, strategic assessments of accounting functions, and internal control structures, Mr. Harshwal has extensive experience in evaluating complex accounting and finance issues. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- B.S. Business Accounting and Bachelor of Law

Certification

- Certified Public Accountant - State of California (CPA)
- Certified Public Accountant - State of New Mexico (CPA)
- Certified Public Accountant - State of Arizona (CPA)
- Certified Public Accountant - State of Washington (CPA)
- Chartered Accountant - The Institute of Chartered Accountants of India
- Certified Information System Auditor (CISA)
- Certified Fraud Examiner (CFE)
- ORACLE Financial Consultant (Oracle Business Suite)
- Chartered Global Management Accountant (CGMA)
- Certified Risk Management Assurance (CRMA)
- Certified Construction Auditor (CCA)

Professional Membership

- Member of AICPA
- Member of California CPA Society of Certified Public Accountants
- Member of Information Systems Audit and Control Association, USA
- Member of Association of Certified Fraud Examiners, USA
- Member of Institute of Certified Internal Auditors
- Member of National Association of Construction Auditors
- Member of NM CPA Society





SAMSON REDA, CPA
Senior Auditor

Samson Reda is a senior auditor at Harshwal & Company and has six year of experience in auditing and providing accounting services to special districts, educational entities, state and local governments, not-for-profit organizations, tribes and tribal governments, and housing authorities. He is an expert in data analysis and reconciliation and his experience includes auditing, the recording and analysis of account transactions; establishing accounting records; reconciliation of cash balances; implementation of accounting controls; and statistical reports. He also conducts sampling, testing and is well experienced in performing audits in accordance with attestation standards established by the AICPA. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools. He will assist in directing the staff and specialize in the timely completion of the audit.

Education:

- BA in Accounting

Certification:

- Certified Public Accountant - State of Virginia (CPA)

GARIMA PATHAK, CA
Audit Manager

Garima Pathak is our audit manager and has been employed with Harshwal & Company, LLP for six years. She has been engaged in numerous audits of special districts, educational entities, state and local governments, not-for-profit organizations, tribes and tribal governments, and housing authorities. Garima has 5 years of experience working with all types of exempt organizations including 501(c) (3), 501(c) (4), 501(c) (6), and 501(c) (7). Garima has provided tax compliance services to clients in the retail, real estate, and not-for-profit industries. She concentrates on real estate clients, focusing on low-income housing, including both for profit and not-for-profit entities. Garima has a passion for her not-for-profit clients and the industry at large, providing them with hands-on tax compliance services including Form 990 filings. She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA Software and other automated tools.

Education:

- Bachelor's in Commerce

Certification:

- Chartered Accountancy of Institute of Chartered Accountants of India

JITESH BHAKTA
Staff Auditor

Jitesh Bhakta is a staff auditor and has passed 2 CPA sections. He has been employed with Harshwal & Company, LLP for four years. He has been engaged in numerous audits and accounting engagements of special districts, educational entities, state and local governments, not-for-profit organizations, tribes and tribal governments, and housing authorities.





He is an expert in data analysis and reconciliation and his experience includes auditing, the recording and analysis of account transactions; establishing accounting records; reconciliation of cash balances; implementation of accounting controls; and statistical reports. He also conducts sampling, testing and is well experienced in performing audits in accordance with attestation standards established by the AICPA. He has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA and other automated tools. He will assist in directing the staff and specialize in the timely completion of the audits.

Education:

- AIU equivalent of MBA in Arts

KINJAL PATEL

Staff Auditor

Kinjal Patel is a staff auditor and is awaiting her CPA license. She has been engaged with several audits and accounting engagements of special districts, educational entities, state and local governments, not-for-profit organizations, tribes and tribal governments, and housing authorities. Kinjal is proficient in the operating nuances of accounting and auditing packages and demonstrates up-to-date knowledge of auditing and accounting pronouncements. Kinjal has worked on financial and compliance engagements under the Single Audit Act of 1984 and OMB Circular (Uniform Guidance). She has proficient knowledge of using CaseWare, CaseView, CaseWare IDEA software and other automated tools.

Education:

- Master of Business Administration in Accounting

Continuing Professional Education

The following table details CPE hours for each key member of the proposed audit team:

Audit Team Member	Governmental CPE	Non-Governmental CPE
Sanwar Harshwal, CPA, CIA, CISA, CFE	140	124
Samson Reda, CPA	80	56
Garima Pathak	84	57
Jitesh Bhakta (CPA 2 sections passed)	82	28
Kinjal Patel (CPA Passed)	58	28





Similar Engagements with Other Government Entities

Harshwal & Company, LLP has performed numerous audits of governmental organizations, including several special districts, cities, counties, etc., that are subject to financial and compliance audits. The following is a list of our clients:

Special Districts

- Del Norte Solid Waste Management Authority
- Border Coast Regional Airport Authority
- Valley of the Moon Water District
- Humboldt Bay Harbor, Recreation and Conservation District
- Burbank Sanitary District
- Goshen Community Services District
- Aromas Tri-County Fire Protection District
- Cypress Fire Protection District
- South Monterey County Fire Protection District
- San Miguel Community Services District
- Rodeo-Hercules Fire District
- Coastside Fire Protection district
- Yolo Local Agency Formation Commission
- Fort Dick Fire Protection District
- Cupertino Sanitary District
- Alameda County Fire Department
- SCC Center Fire Protection District
- East Palo Alto Sanitary District
- Ambrose Recreation and Park District
- Mission Oak Park and Recreation District
- El Rancho Simi Cemetery District
- South Santa Clara Co. Fire District
- Saratoga Fire Protection District
- Menlo Park Fire Protection District
- Lions Gate Community Service District
- Los Medanos Community Health Care District
- Alameda County Law Library
- Oakland-Alameda County Coliseum Authority
- Los Altos Hills County Fire District
- Santa Clara County Sanitation District 2-3
- Solano County Local Transportation Fund
- Alameda County Community Development Department
- Alameda County Housing and Community Development

Educational Entities

- Pleasant Valley School District
- Lamont School District
- La Honda-Pescadero Unified School District
- Sacramento Valley Charter School
- EL Segundo Unified School District
- Richland School District
- Belmont-Redwood Shores School District
- Ravenswood City School District
- Jefferson Union High School District
- San Bruno Park School District
- Conejo Valley Unified School District
- Napa Valley Unified School District
- Fairfield-Suisun Unified School District
- Benicia Unified School District
- San Mateo - Foster City School District
- Brisbane School District
- Jefferson School District
- Pacifica School District





State and Local Governments

- Town of Apple Valley
- County of Del Norte
- City of Sanger
- City of Oakland
- City of East Palo Alto
- City of Crescent City
- City of Vallejo
- County of Santa Clara
- City of San Mateo
- Cibola County
- Sierra County
- First 5 Alameda County
- First 5 Marin Children & Families Commission
- First 5 Monterey County
- First 5 Santa Cruz County
- First 5 San Bernardino
- First 5 Inyo County
- Town of Edgewood
- Town of Springer
- Town of Mesilla
- Town of Cochiti Lake

Counties

Contra Costa County

- Public Works Department
- Emergency Medical Services

Santa Clara County

- Single Audit (Sub Contractor)
- County of Santa Clara JTPA Program
- Mental Health Short Doyle Program
- Sheriff's Department – Inmate Welfare Fund

County of Alameda

- Community Based Organization Audits
- Alameda County Housing and Community Development Agency - Housing and Community Development and Lead Poisoning Prevention
- Alameda County Public Works Department
- Alameda County Housing and Community Development - Bond Audit
- Alameda County Social Services - Food Stamp
- Oakland-Alameda County Coliseum Authority
- Alameda County Congestion Management Agency
- Alameda County Health Care Services Agency
- Alameda County Auditor-Controller's Agency
- City of Oakland, Office of Public Works
- Alameda County Fire Department
- Alameda County Transportation Authority

County of San Mateo

- JTPA Program
- Menlo Park Fire Protection District
- Department of Community Services

Santa Cruz County

- Single Audit
- Mental Health - Short Doyle Program

Solano County

- City of Vallejo (Sub Contractor)
- Local Transportation Fund
- Mental Health - Short Doyle Program





Del Norte County

- Del Norte County
- Del Norte County Solid Waste Management Authority

Housing Entities

- Housing Authority of the County of Alameda
- Housing Authority of the City of Benicia
- Housing Authority of the County of San Mateo
- Eastern Regional Housing Authority
- White Mountain Apache Housing Authority
- Pueblo of San Felipe Housing Authority
- Santa Clara Pueblo Housing Authority
- Housing Authority of the City of Richmond
- Housing Authority of the City of Port Hueneme
- Housing Authority of the County of Butte
- Hopi Tribal Housing Authority
- Wagon Mound Housing Authority
- Sisseton Wahpeton Housing Authority

Non Profit Organizations

- Manzanita Charter School
- Mission Neighborhood Center, Inc.
- North East Medical Services
- San Diego Civic Youth Ballet
- San Francisco Community Clinic Consortium
- Greater Farallones Association
- Santa Clara Teacher Housing Foundation
- Mother Lode Job Training
- Eden United Church of Christ
- Ruckus Society
- Health and Human Resource Education Center
- California Hispanic Chambers of Commerce
- Native American Health Center, Inc.
- California Municipal Utilities Association
- LifeLong Medical Care
- Family Resource Center of the Redwoods
- Transcendance Youth Arts Project
- New Bridge Foundation
- San Diego Organizing Project
- Northern California Community Housing Service, Inc.
- Over 60/CEI, Inc.
- Family Paths, Inc.
- San Francisco Community Clinic Consortium
- Preserving Alameda County Housing, Inc.
- Downtown Action Team
- Lincoln Child Center
- Santa Cruz County Parents Association
- South County Community Health Center, Inc.
- Community Clinic Consortium
- United Way of Santa Cruz County
- ICON Community Development Corporation
- Oakland Metropolitan Chamber of Commerce
- Gluon Solutions, Inc.
- Hammer Corp.
- Youth Together, Inc
- TerraVerde Energy
- Luxesphere Holdings, Inc. and Subsidiaries
- FOOD FIRST/Institute for Food & Development
- Chinese for Affirmative Action
- RFHC Bay Pulgas Landowner, Inc.
- PICO National Network
- PICO Action Fund
- Family Service of San Leandro
- Institute for Molecular Medicine
- Key Educational Group
- Oakland Community Organizations, Inc.
- Indian Health Center of Santa Clara Valley
- Association of Asian Pacific Community and Health Organization
- Building Opportunities for Self-Sufficiency (BOSS)
- Bay Area Center for Law and The Deaf
- Bay Area Community Services
- Bay Area Lupus Foundation
- Bay Area Young Positives
- California Anchor Residence Group Home





REFERENCES

We encourage you to contact these references to inquire about the quality of our services, their overall satisfaction, the effectiveness of our auditing and accounting approach, the expertise of our professionals, and the timeliness and overall value of our services. We would be happy to provide additional references upon request, if you would like.

1. Del Norte Solid Waste Management Authority

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and CAFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Tedd Ward, M.S. – Director
Phone Number: (707) 465-1100
E-Mail: tedd@recycledelnorte.ca.gov

2. Rodeo Hercules Fire Protection District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and ACFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Getachew Demeku-Ousman
Phone Number: (510) 799-4561
E-Mail: gdemeku@gmail.com

3. Cupertino Sanitary District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and ACFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2015 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Lorie Yako, Accounting Specialist
Phone Number: (408) 477-7319
E-Mail: lyako@markthomas.com

4. Buena Park Library District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements
- **Date of Services:** Fiscal years ended June 30, 2020 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Marina Tutty, Business Officer
Phone Number: (714) 826-4100
E-Mail: businessofficer@buenapark.lib.ca.us





5. Valley of the Moon Water District

- **Scope of Work:** Audit and preparation of the Basic Financial Statements and ACFR presentation.
- **Date of Services:** Fiscal years ended June 30, 2019 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:** Amanda Hudson, Acting Admin & Finance Manager
Phone Number: (707) 996-1037
E-Mail: ahudson@vomwd.org

6. Coast Side Fire Protection District

- **Scope of Work:** Financial Statement audit and ACFR prepared in conformance with GAAP requirements.
- **Date of Services:** Fiscal years ended June 30, 2017 to present
- **Engagement Partner:** Sanwar Harshwal, Managing Partner
- **Principal Contact:**
Contact Person: Ginny Petras, Administrative Officer
Phone Number: (650) 726-5213
E-Mail: Ginny.Petras@fire.ca.gov





RODEO-HERCULES FIRE PROTECTION DISTRICT
1680 REFUGIO VALLEY ROAD, HERCULES, CALIFORNIA 94547
(510) 799-4561 FAX: (510) 799-0395

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

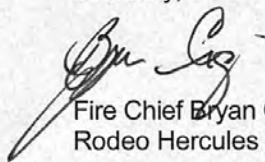
I am pleased to offer an enthusiastic recommendation for retention of Harshwal & Company, LLP (HCLLP).

Rodeo Hercules Fire Protection District has been engaged with HCLLP to perform a Financial Statement Audit throughout the tenure. I have found the HCLLP team to be knowledgeable, professional, and easy to work with. They are always responsive and solution-oriented.

My personal belief is that HCLLP offers a unique perspective and approach to auditing, in that they take the time to fully understand the individual nuances of similar but distinct reporting entities. This enables them to generate a meaningful client dialogue about the accuracy of their work, and more importantly the completeness of the financial reporting that they oversee. I believe that HCLLP is especially cost competitive with their peers, due to the time efficiencies generated by their investment in computerized and electronic work papers.

Please do not hesitate to call upon me directly at (510) 799-4561 for additional information regarding HCLLP.

Sincerely,



Fire Chief Bryan Craig
Rodeo Hercules Fire Protection District



DISTRICT MANAGER-ENGINEER
MARK THOMAS & COMPANY, INC.
BENJAMIN T. PORTER, P.E.

DISTRICT COUNSEL
ARMENTO & HYNES, LLP
MARC HYNES



BOARD OF DIRECTORS
JOHN M. GATTO
WILLIAM A. BOSWORTH
PATRICK S. KWOK
ANGELA S. CHEN
TAGHI S. SAADATI

20863 STEVENS CREEK BOULEVARD, SUITE 100
CUPERTINO, CALIFORNIA 95014-2154
PHONE (408) 253-7071 • Fax (408) 253-5173

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

Cupertino Sanitary District and Harshwal & Company, LLP have had a great working relationship over the last years. We have worked together and I have found their staff to be very professional, articulate, knowledgeable and dedicated. Their staff is always willing to help us with any questions we may have, responding in a prompt and courteous manner.

HCLLP has provided us with excellent services and has the amount of experience and qualification required for the job assigned. I have found HCLLP cost competitive with their peers, due to the time efficiencies generated by their investment in computerized and electronic work papers. In short, they are willing to go the extra mile in order to ensure we are satisfied and happy.

I highly recommend HCLLP for their excellent staff, integrity, professionalism and performance.

Please feel free to contact me directly at (408) 477-7319 with any questions you may have.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lorie Yako", is written over a blue horizontal line.

Lorie Yako
Accounting Specialist
Cupertino Sanitary District

SUPPLYING SANITARY SEWERAGE SERVICES FOR: CITY OF CUPERTINO, PORTIONS OF THE CITIES OF SARATOGA, SUNNYVALE,
LOS ALTOS AND SURROUNDING UNINCORPORATED AREAS





BUENA PARK LIBRARY DISTRICT

ESTABLISHED IN 1919

Re: Professional Reference for Harshwal & Company, LLP.

To Whom It May Concern:

I am writing this letter to recommend to you the excellent services provided by Harshwal & Company, LLP (HCLLP).

Buena Park Library District has been engaged with HCLLP to perform financial statement audit and has had a great working relationship and experience. The HCLLP team is knowledgeable, professional, and easy to work with. They are very responsive and solution-oriented. Also, they do critical research so they would give the best solutions for critical issues.

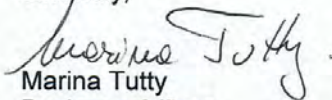
I appreciate their willingness to help with any questions we may have, responding promptly and courteously.

They utilize the latest technology to provide the most up-to-date information to serve our organization. I have found HCLLP cost-competitive with their peers, due to the time efficiencies generated by their investment in computerized and electronic work papers. In short, they ensure that we are satisfied and happy and are willing to go the extra mile.

I highly recommend HCLLP for its excellent staff, integrity, and performance.

Please feel free to contact me directly at 714-826-4100 (ext. 130) with any questions you may have.

Sincerely,



Marina Tutty
Business Officer
businessofficer@buenapark.lib.ca.us
Buena Park Library District





COASTSIDE FIRE PROTECTION DISTRICT

1191 MAIN ST. HALF MOON BAY, CA 94019
TELEPHONE (650) 726-5213 FAX (650) 726-0132

May 5, 2021

Re: Professional Reference for Harshwal & Company, LLP

To Whom It May Concern:

I am pleased to offer an enthusiastic recommendation for the retention of Harshwal & Company, LLP (HCLLP).

I have worked with the HCLLP team over the past three years, specifically with Garima Pathak, to perform financial statement audits for the Coastside Fire Protection District. I have found the HCLLP team to be diligent, supportive, proficient, and very easy to work with. HCLLP has always completed its contractual obligations on time and within our allocated budget and has remained cost competitive with their peers. Garima is very "hands-on" during field work activities and has provided invaluable guidance, supervision, and mentoring to our office.

HCLLP offers a unique perspective and approach to auditing, in that they have taken the time to fully understand the individual nuances of our agency. This has enabled us to maintain an open and instructive dialogue and more importantly they generate a thorough, professional, and accurate final product.

Please do not hesitate to call upon me directly at (831) 254-1759 for additional information regarding HCLLP.

Sincerely,

A handwritten signature in black ink, appearing to read "G. Petras", is written over a light blue horizontal line.

Ginny Petras
Administrative Officer II
Coast Side Fire Protection District





SPECIFIC AUDIT APPROACH

Scope of the Work to be Performed: At Harshwal & Company, LLP, our professionals have extensive experience performing audits of special districts. Our team has a broad understanding of the standards and requirements necessary to conduct an audit of the financial statements of the SAWPA. We understand that you require us to perform an audit of the financial statements of the SAWPA for the fiscal years ending June 30, 2022 through June 30, 2024, with an option to extend for two (2) additional years. We will adhere to the requirements of the RFP and will be performing the following tasks (including, but not limited to):

Audit will be performed in accordance with generally accepted auditing standards accepted in the United States of America, applicable to the financial audit contained in the Government Auditing Standards issued by the Comptroller General of the United States and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Work to be Performed

- Assist in the creation and audit of the General Purpose Financial Statements of the Agency in conformity with generally accepted accounting principles and issue an opinion thereon. Further assist in the completion of the Agency's Annual Comprehensive Financial Report.
- Prepare GASB 68 annual pension and GASB 75 annual OPEB adjusting journal entries.
- Test compliance with the Single Audit Act as amended in 1996, and applicable laws and regulations, if required.
- Prepare a Report on Internal Control Structure and Management Letter.
- Prepare the State Controller's Report for the Agency.
- We will assist Agency staff in applying generally accepted accounting principles and provide support necessary to maintain sound financial management procedures. We will provide financial advice and counsel on significant matters occurring throughout the year that would affect the annual reports and sound accounting practices.
- We may examine other reports or perform other services, upon request.

Reports to be Issued

Following completion of the audit and preparation of the fiscal year's financial statements, we will issue the following Reports on the fair presentation of the financial statements in accordance with auditing standards generally accepted in the United States of America as listed below:

- i. Basic Financial Statements for the Agency
- ii. State Controllers Report for the Agency
- iii. Single Audit Report on Schedule of Federal Awards (if applicable)

These reports will include Required Supplemental Information (RSI) as required by GASB 34.

- A report based on our understanding of the internal control structure and assessment of control risk. In this report, we will also communicate any reportable conditions found during the audit and indicate whether they are also material weaknesses.





Proposal to Provide Professional Audit Services

- A Statement on Auditing Standards (SAS) 114 letter communicated to the Commission reporting any control deficiencies that are considered significant deficiencies and/or material weaknesses as defined by the Standards.
- We will make an immediate written report to the Agency of all irregularities and illegal acts or indications of illegal acts of which we become aware to the following:
 - Marco Tule, Chair, Board of Commissioners
 - Bruce Whitaker, Vice Chair, Board of Commissions
 - Jeff Mosher, General Manager
 - Karen Williams, Deputy General Manager/ Chief Financial Officer
- We will be present to the Agency's Board of Commissioners, the results of the Audit and address all findings and all adjustments.

Special Considerations

The Agency will send its Annual Financial Report to the Government Finance Officers Association of the United States and Canada for review in its Certificate of Achievement for Excellence in Financial Reporting program. We will provide special assistance to the Agency to meet the requirements of this program.

Working Paper Retention and Access to Working Papers

Retain all working papers and reports, at our expense, for a minimum of three (3) years, unless notified in writing by the Agency of the need to extend that period. We will make working papers available, upon request, to the Agency.

Understanding of the Project to be Performed:

The two most critical components of the audit are (1) to have continuity and consistency in the auditors involved and (2) have the entire audit team from partners to staff, understand and be aware of the technical requirements for the engagement. Therefore, careful audit planning is emphasized along with written instructions and a comprehensive workshop is carried out for the staff engaged. We have ascertained that this effort not only serves to state the line of organization and responsibility from the commencement but also serves to discuss the areas of concern and applicable audit techniques to be adopted in the examinations proposed to be conducted.

Our plan will involve a comprehensive entrance meeting with the SAWPA's audit committee and management. During this phase, we hope to establish the timetable for examination and identify dates for future meetings to report upon our progress of the examination. Shortly thereafter, the partners and an audit manager will meet with the SAWPA Manager and Finance Director to be able to obtain a more detailed outline of the SAWPA's financial systems and processes. This will help us to determine the extent and concentration of our audit effort, obtain knowledge and an understanding of the legal and reporting requirements by obtaining pertinent statues, regulations, charter provisions, bond coverage and other requirements. The meeting will serve as a guideline to prepare and outline our audit-planning memorandum and the audit plan.





Upon completion of the audit plan, we will meet with the SAWPA officials to go over our plan. During the meeting, we hope to share our understanding of the audit approach and fine-tune the dates of commencement, the assistance available to us, the assistance the SAWPA may need from us, and the introduction of the audit team seniors to the SAWPA officials. In the next step, a conference will be initiated by the audit team to be assigned. The conference will serve as a platform to share our audit plan and programs, discuss areas of concern, identify audit teams and dates, and address any and all pertinent questions from the staff.

Specific Audit Approach

Our audit process begins with the assignment of staff to the engagement. Our engagement team has the expertise to provide the level of service desired and deserved by your organization. Our engagements are supervised by the engagement partner and an audit manager. As high-level involvement is vital to a quality audit, the partner and manager's time will account for approximately 30% of the total hours spent on the engagement. Our team's approach is to be efficient, yet non-intrusive. We believe on-going communication throughout the entire audit will ensure that all aspects of the audit are thoroughly addressed. We encourage regular communications throughout the year, not just during fieldwork. As such, we do not anticipate any potential audit problems to arise during our engagement.

Audit Planning — Interim Phase

Our audit planning process includes a risk assessment of the SAWPA and review of the control environment. We begin with a pre-planning meeting to ensure that management's expectations and our expectations are communicated prior to commencing the audit. We will confirm our understanding of the engagement deadlines and ensure these are met in a timely manner. In addition, we will provide a list and samples of schedules specifically tailored to the Santa Ana Watershed Project Authority to aid the SAWPA's staff in preparing schedules and providing audit documentation.

Control Environment — Interim Phase

We will document and test the following control processes to evaluate their effectiveness in preparing reliable financial statements:

- Disbursements
- Cash receipts
- Payroll
- Journal entry process
- Federal and state programs
- Financial reporting
- IT and general computer controls

Based on our understanding of the SAWPA's risks and control environment, we will design our substantive procedures and communicate our audit approach to management. As part of our review and documentation of the control environment, we may have recommendations for enhancing controls and/or efficiencies. These recommendations will be discussed with management prior to any comments included in a formal management letter.





Risk Assessment — Interim Phase

As part of our extensive planning phase, the engagement team will discuss with management issues surrounding the applicable industry, the SAWPA's internal and external environment, significant events, as well as economic, political, and social factors to determine and document areas of risk. Once areas of risk have been identified, the next process will be to review the control environment.

Substantive Procedures — Year End Phase

Substantive audit procedures are designed based on our risk assessment process. Complex and high-risk accounts will be identified early in the audit process and these accounts will be assigned to the manager and/or partner for actual testing. Our substantive audit procedures will include the following:

- Tests of account details — Detail transaction testing to source documentation
- Analytical procedures — Ratio analysis, variance analysis, trend analysis
- Use of data analysis software — Review of large volumes of data to detect anomalies
- Unpredictability tests — Varying timing and extent of tests
- Review of management's estimates — To determine reasonableness
- Review of subsequent events and contingencies — For proper adjustment and footnote disclosure

Preparation of Audit Report and Review — Year-end Phase and Wrap-up Phase

Audit work papers are reviewed throughout the audit by an audit manager and engagement partner. Before we leave your offices, the file will be substantially reviewed and any issues will be discussed and resolved. The financial statements are prepared by the audit manager. All reports are reviewed by the engagement partner and concurring partner. Upon approval, we will issue drafts of all reports based on the SAWPA's predetermined schedule as indicated in the Request for Proposal. This will allow adequate time for review and distribution of reports.

Laws and Regulations

We will review the laws and regulations covering the SAWPA's grants and major programs as part of any Single Audit testing, if applicable. Based upon our inquiries with the SAWPA staff and review of any SAWPA's municipal code, etc., we will determine the relevant laws and regulations that will be subject to additional test work.

Audit Sizes and Statistical Sampling Techniques

Audit sampling provides the auditor an appropriate basis on which to conclude on an audit area by examining evidence from a sample of a population. We utilize both statistical and non-statistical-sampling techniques as described in the AICPA's Audit Sampling Guide, depending on the type of testing being performed. Internal control, substantive, and compliance testing samples are generally selected using non-statistical techniques. Sample sizes are determined by risk assessment and nature of the population. We may use statistical sampling to assist with forensic testing in areas, which have a higher risk of misstatement due to fraud.





Drawing Audit Samples (for tests of compliance):

Auditor judgment will be used in selecting our audit samples for tests of compliance work. The majority of the testing of compliance will be centered around the single audit testing of the direct and material elements for the major programs.

Technological Advantages

We utilize the latest technology, including virtual servers, smart devices, and online libraries to provide us with the most up-to-date information to better serve our clients. Our online client portal, *Suralink*, gives us the capability of sending and receiving information to and from our clients faster and more securely. As portals are encrypted and use password protection to ensure that data can only be viewed by the appropriate client, we are dedicated to protecting the SAWPA's confidential information.

Furthermore, we streamline our audit process and organize support documents through use of the paperless audit program - CaseWare Working Papers. By effectively reviewing large volumes of data through these programs, we are able to develop a better understanding and gain a broader view of the Santa Ana Watershed Project Authority. These technologies enable us to increase both the scope of our engagement and the reliability of our audit opinion more efficiently, as a larger amount of information can be processed, analyzed, and interpreted in a shorter time frame.

Working Paper Retention:

We will retain audit working papers for a minimum of seven (7) years unless we are notified in writing by the SAWPA of the need to change the retention period. In addition, we will respond to reasonable inquiries of the SAWPA and successor auditors, and allow the SAWPA and successor auditors to review working papers relating to matters of continuing accounting significance.

Management Letter

Communication with management is crucial since it is essential to hear your concerns and comprehend the financial records to have a complete and thorough understanding of business operations. Management confirmation is required on all information contained within the financial statements to ensure that they are true and accurate and that all information has been properly disclosed. We will review all significant audit findings with the SAWPA as the work proceeds and once on completion of our audit procedures. It is standard practice for our firm to produce a management letter in conjunction with each engagement.

The audit process provides an opportunity to assess performance and trends, to identify opportunities to improve internal controls and/or accounting efficiency and to spot emerging needs or opportunities. By reporting these conditions and opening them up for discussion, the management letter can play an important role in maintaining the future financial health of the organization. Should we become aware of any irregularities, illegal acts or indications of illegal acts, we will make an immediate verbal and written report of such findings to the SAWPA's Council. The report will be discussed with the members responsible for the financial statements before submitting it to the Board Members.





Audit Work Schedule

Proposed Segmentation of the Engagement and Timeline: Outlined below is an expected timeline and completion of the audit and the expected delivery of the financial statements and management letter:

Milestones	Timeframes
Planning, risk assessment and system evaluation	April 25, 2022
Interim audit fieldwork	May – June
Final audit fieldwork and audit work to be completed	Mid-September – Beginning of November
Draft audit report and management letter for review	Mid-November
Final Annual Audit report	Last week of November
State Controllers Report	January of the following year
Final Single Audit (if applicable)	February of the following year





COST PROPOSAL

Our fees are generally lower than other competing firms since we keep our overhead low; we follow a scientific audit approach and we make extensive use of emerging technologies that allow us to conduct audits efficiently. Our policy is to provide you exceptional service that meets and exceeds professional auditing standards at a competitive cost.

Summarized below are the professional fees for the SAWPA's audit services for the FY 2022-2026:

Audit Area - Description	FY 2022	FY 2023	FY 2024	FY 2025 (Optional)	FY 2026 (Optional)
Financial Statement Audit.....	\$17,755.00	\$18,465.00	\$19,200.00	\$19,968.00	\$20,766.00
Single Audit.....	4,000.00	4,160.00	4,326.00	4,499.00	4,678.00
State Controllers Report.....	500.00	520.00	540.00	561.00	583.00
<i>Total out-of-pocket expenses</i>	Included	Included	Included	Included	Included
<i>Total Fees</i>	\$22,255.00	\$23,145.00	\$24,066.00	\$25,028.00	\$26,027.00

Rates by Partner, Specialist, Supervisory and Staff

Our estimated hours:			
Description - Team Composition	Est. Hours	Hourly Rates	Fees
Partner	10	\$370	\$ 3,700.00
Managers	15	225	3,375.00
Senior Auditors	40	150	6,000.00
Staff Auditors	68	120	8,160.00
Clerical Staff	12	85	1,020.00
Out-of-pocket expenses			Included
<i>Total</i>	145		\$ 22,255.00

Rates for Additional Professional Services

We will perform additional work only if set forth in an addendum to the contract between the SAWPA and our firm. Our fees for the additional services, if required, will be based on the actual time spent by professional or administrative personnel. Our standard hourly rates vary according to the degree of responsibility involved, and the experience level of the personnel assigned.





Benefits of Choosing the Harshwal & Company, LLP

The Harshwal & Company, LLP is recognized for its professionalism, integrity, and providing clients with effective resolutions for their unique circumstances and issues. Our firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams.

The Harshwal & Company, LLP's main objective is always to provide the Santa Ana Watershed Project Authority with solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allows us to provide a superior level of service.

We trust that this proposal has given you the information you need about the firm, the engagement team members, overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the Santa Ana Watershed Project Authority and providing you with the excellent level of service that you expect and deserve.

Inherent in our service is the on-going support, education, and advice to our clients. The comprehensive service includes:

- Email updates on all new and pertinent developments.
- A careful review of the effects of these new developments (if any), on your particular circumstances. If necessary, we will advise you on any changes needed in accounting procedures.
- We will meet with the Finance Department head at the beginning of the audit to advise on matters of particular interest. We will provide "best practices" for effective daily operations that will also provide information necessary for the financial statements.
- Throughout the audit, we will advise your accounting personnel on best practices for maximum efficiency in each major operational area.

We have provided you a fee estimate based on the following assumptions:

- That the accounting records will be in balance and supported by appropriate documentation;
- That the SAWPA's staff will provide the supporting schedules for all asset and liability accounts;
- That the SAWPA's staff will provide general assistance, such as locating documents, typing confirmation requests, and coordinating meetings.

"Keeping in touch with" is the hallmark of our service. You will receive phone calls, emails and information through the Harshwal & Company, LLP portal on a consistent and regular basis.





OPTIONAL SERVICE

Summarized below are the professional fees for the LESJWA's audit services for the FY 2022-2026:

Audit Area - Description	FY 2022	FY 2023	FY 2024	FY 2025 (Optional)	FY 2026 (Optional)
LESJWA Audit.....	\$ 4,450.00	\$ 4,628.00	\$ 4,813.00	\$ 5,000.00	\$ 5,200.00
<i>Total out-of-pocket expenses</i>	Included	Included	Included	Included	Included
<i>Total Fees</i>	\$ 4,450.00	\$ 4,628.00	\$ 4,813.00	\$ 5,000.00	\$ 5,200.00

Rates by Partner, Manager and Staff:

Our estimated hours:			
Description - Team Composition	Est. Hours	Hourly Rates	Fees
Partner	2	\$370	\$ 740.00
Managers	4	225	900.00
Senior Auditors	8	150	1,200.00
Staff Auditors	12	120	1,440.00
Clerical Staff	2	85	170.00
Out-of-pocket expenses			Included
<i>Total</i>	28		\$ 4,450.00

EXTERNAL QUALITY CONTROL REVIEW REPORT

Harshwal & Company, LLP is a member of the Governmental Audit Quality Center (GAQC) and Employee Benefit Plan Audit Quality Center (EBPAQC) of the American Institute of Certified Public Accountants (the AICPA) and the Center for Audit Quality, an affiliate of the AICPA. A key requirement for membership in these groups is to have our systems of quality control reviewed by another CPA firm once every three years. Our most recent peer review was completed in 2020, and we received a passing peer review rating.





1710 Gilbreth Road
Burlingame, CA 94010
(650) 522-3094
Fax: (650) 522-3080
peerreview@calcpa.org

March 01, 2021

Sanwar Harshwal
Harshwal & Company LLP
16870 W. Bernardo Dr, STE 250
San Diego, CA 92127

Dear Sanwar Harshwal:

It is my pleasure to notify you that on February 25, 2021, the California Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is November 30, 2023. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

Peer Review Committee

Peer Review Program
The Peer Review Program Team
peerreview@calcpa.org
650-522-3094

cc: Constance Coughlan

Firm Number: 900005526362

Review Number: 578635





www.CoughlanNapaCPACo.com
Company@CoughlanNapaCPACo.com

Report on the Firm's System of Quality Control

November 25, 2020

To Harshwal & Company LLP and the Peer Review
Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Harshwal & Company LLP (the firm) in effect for the year ended May 31, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

190 Camino Oruga, Suite 1 • Napa, CA 94558 • telephone: 707.255.0677 • fax: 707.255.0687
Member: American Institute of CPAs • California, Hawaii, & Oregon Societies of CPAs





Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Harshwal & Company LLP in effect for the year ended May 31, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Harshwal & Company LLP has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.





INSURANCE

We will maintain such insurance coverage during the period of the engagement. Harshwal & Company, LLP maintains the following insurance:

- 1) Professional liability for \$2,000,000 per claim and \$4,000,000 aggregate. The carrier is Great Divide Insurance Company.
- 2) Commercial general liability and property damage for \$2,000,000 per occurrence and \$4,000,000 aggregate. The carrier is Hartford.
- 3) Automobile liability for \$2,000,000. The carrier is Hartford.
- 4) Workers' compensation (statutory amounts and limits) insurance carrier is Hartford. The limit of the liability is \$1,000,000.





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
6/25/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CAMICO Insurance Services 1800 Gateway Drive, Suite 300 San Mateo, CA 94404	CONTACT NAME: Amber Hattendorf	
	PHONE (A/C, No, Ext): 800-652-1772 FAX (A/C, No): 800-227-2090 E-MAIL ADDRESS: AHattendorf@camico.com	
INSURED HARSHWAL & COMPANY LLP 16870 W. Bernardo Dr., Ste 250 San Diego, CA 92127	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Great Divide Insurance Company	25224
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	<input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	<input type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						<input type="checkbox"/> Y/N <input type="checkbox"/> N/A PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability			CAB201933	7/1/2021	7/1/2022	Per Claim/Aggregate \$2,000,000/\$4,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Should any of the above described policies be canceled before the expiration date thereof, CAMICO will mail 30 days written notice to the certificate holder.

CERTIFICATE HOLDER HARSHWAL & COMPANY LLP 16870 W. Bernardo Dr., Ste 250 San Diego, CA 92127	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>SPH</i>
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ACORD 25 (2016/03)

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/24/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER CAMICO SERVICES INC/PHS 57141555 The Hartford Business Service Center 3600 Wiseman Blvd San Antonio, TX 78251	CONTACT NAME: PHONE (866) 467-8730 (A/C, No, Ext): FAX (888) 443-6112 (A/C, No): E-MAIL ADDRESS:	
INSURER(S) AFFORDING COVERAGE		NAIC#
INSURED HARSHWAL & COMPANY, LLP. 16870 W BERNARDO DR STE 250 SAN DIEGO CA 92127		INSURER A : Sentinel Insurance Company Ltd. 11000 INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :

COVERAGES		CERTIFICATE NUMBER:		REVISION NUMBER:		LIMITS	
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.							
INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/Y YYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR General Liability GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:			57 SBA BM7653	05/12/2021	05/12/2022	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000
A	AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS HIRED AUTOS SCHEDULED AUTOS NON-OWNED AUTOS			57 SBA BM7653	05/12/2021	05/12/2022	COMBINED SINGLE LIMIT (Ea accident) \$2,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB EXCESS LIAB OCCUR CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE AGGREGATE
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						X PER STATUTE OTH-ER E.L. EACH ACCIDENT E.L. DISEASE -EA EMPLOYEE E.L. DISEASE - POLICY LIMIT
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Those usual to the Insured's Operations.							

CERTIFICATE HOLDER HARSHWAL & COMPANY, LLP 16870 W BERNARDO DR STE 250 SAN DIEGO CA 92127	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>Suwan S. Castaneda</i>
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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
06/24/2021

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PRODUCER CAMICO SERVICES INC/PHS 57141555 The Hartford Business Service Center 3600 Wiseman Blvd San Antonio, TX 78251	CONTACT NAME: PHONE (866) 467-8730 FAX (888) 443-6112 (A/C, No, Ext): (A/C, No):	
	E-MAIL ADDRESS:	
INSURER(S) AFFORDING COVERAGE		NAIC#
INSURED HARSHWAL & COMPANY, LLP. 16870 W BERNARDO DR STE 250 SAN DIEGO CA 92127	INSURER A : Hartford Fire and Its P&C Affiliates 00914	
	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/Y YYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS <input type="checkbox"/> AUTOS						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
	UMBRELLA LIAB EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE AGGREGATE
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	57 WEC AG8JZ9	07/21/2021	07/21/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE -EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
 Those usual to the Insured's Operations.

CERTIFICATE HOLDER HARSHWAL & COMPANY, LLP 16870 W BERNARDO DR STE 250 SAN DIEGO CA 92127	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

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SANTA ANA WATERSHED PROJECT AUTHORITY

Kenneth H. Pun, CPA, CGMA

Managing Partner
200 E. Sandpointe Ave., Suite 600, Santa Ana, CA 92707
(949) 777-8801 | ken.pun@pungroup.com

PROPOSAL

Professional Audit Services





Kenneth H. Pun
Founder & Managing Partner

WHY CHOOSE THE PUN GROUP LLP?

“ The Pun Group’s most valuable asset is its people and their deep experience that drives our every interaction with clients. ”

- Big firm expertise with small firm values
- Personal attention that utilizes technical expertise
- A unique collaborative, workable firm culture
- Innovation is embraced
- Achievable plans to move your organization forward

The Pun Group LLP is recognized for its professionalism, integrity, and providing clients with practical solutions tailored to the circumstances and issues. The SAWPA will receive a superior level of service and a quality audit.

Thank You!

Thank you for allowing us to submit our qualifications to provide you with Professional Auditing Services.

The Pun Group LLP
Certified Public Accountants and Business Advisors

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The Pun Group Wins 2022 “Best of Accounting” Award



The Pun Group is proud to have won 2022's Best of Accounting® award from ClearlyRated. ClearlyRated recognizes the best in staffing, accounting, and other professional services by recording Net Promoter Scores® (NPS) and reviews to measure client satisfaction.

This award is unique in the U.S. and Canada because it is the only accolade that relies solely on ratings submitted from third-party validated survey responses. Firms that receive a ClearlyRated award are recognized as "leading their industry through their ongoing commitment to service excellence." The Pun Group received a positive 88.9% NPS, reflecting an exceptionally loyal and satisfied audience.

"Winners of the 2022 Best of Accounting award for client satisfaction have demonstrated their commitment to delivering exceptional client service, even as Covid-19 has forced them to reimagine and rebuild their approach to business," said ClearlyRated's CEO and Founder, Eric Gregg.

Our firm excelled in five key areas: Responsiveness, Quality, Value, Needs Understanding, and Proactive Approach.

About ClearlyRated

Rooted in satisfaction research for professional service firms, ClearlyRated utilizes a Net Promoter® Score survey program to help professional service firms measure their service experience, build an online reputation, and differentiate on service quality.



"The Pun Group is not there to judge if a finance team is underperforming; they have the attitude to partner with the client to resolve issues and to streamline processes for the next audit."

Roger R.



"We've been working with The Pun Group for years and they've always been responsive. Their fees are also much more reasonable than most."

Graciela S.



"The firm's responsiveness and technical knowledge during the audit. My staff likes having Suralink (client's portal) whereby prepared by client schedules and requests for additional information can be easily uploaded."

State & Local Client



"The Pun Group provides exceptional service on a consistent basis."

David W.

March 22, 2022

Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

Re: RFP for Professional Auditing Services

Dear Sir or Madam:

Please allow us to introduce our Firm and share our qualifications and proposed audit plan for the Santa Ana Watershed Project Authority (the "SAWPA") according to your Request for Proposals for Professional Auditing Services for fiscal years ending June 30, 2022, 2023, and 2024 with an option to extend for two (2) subsequent fiscal years.

The Pun Group LLP (the "Firm") has the knowledge and experience necessary to become the SAWPA's next public accounting firm, and the work plan to ensure a smooth audit process.

This letter is an acknowledgment of the Firm's understanding of the work to be performed. We are offering our commitment to deliver all of the required work, complete the audit, and issue the necessary auditor's reports within the periods outlined by the SAWPA.

The Pun Group is the right choice for the Santa Ana Watershed Project Authority because:



Strong California Footprint. The Pun Group is reputable for its governmental practice. We are the principal auditors for districts such as Alameda County Water District, Central Basin Water District, Marina Coast Water District, Olivenhain Municipal Water District, Santa Fe Irrigation District. Accordingly, we have a deep understanding of the current issues special districts are facing, such as varying demographics, economic environments, and the constantly changing landscape of laws and regulations.



Recognized Leader in the Governmental Industry. We are a small national Firm with licenses in the States of California, Arizona, and Nevada and a proven leader in professional services to the government sector. All key engagement team professionals are licensed to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under US GAO's Government Auditing Standards to perform the proposed audits. The partners and all employees proposed to perform the requested services do not have a record of substandard audit work nor have any outstanding claim of substandard practice or unsatisfactory performance pending with the State Board of Accountancy or other professional organizations. In addition, we are members of the national AICPA Audit Quality Center.

We strongly believe that part of our success is credited to our professionals' participation with various industry-leading organizations. Such affiliations are critical to addressing emerging accounting and auditing issues within the industry environment.

The Firm is the recipient of several awards, including the *SARC's Award for Excellence in Knowledge, Value, and Overall Client Satisfaction (2021)*. This particular award results from positive feedback from our clients in an independent survey, demonstrating our Firm's highest commitment to Federal standards, quality, and client satisfaction.





You'll Work with a Team that Embraces Innovation and Continuous Improvement. Our Firm is committed to continuous improvement as it relates to service delivery. We embrace innovation and identify areas of technological enhancements in our audit and project management approaches. For example:

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called Suralink. Suralink's dynamic request list is integrated with our secure file hosting system for seamless document-request coordination, including the upload of large-size files. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. You, as a client, no longer have to manually maintain a spreadsheet amongst several people only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. In addition, Suralink's dashboard allows you to visualize the process of the document-request fulfillment.

AI Auditor. The Pun Group leverages the technology and research tools required to provide excellent services to its clients. With the usage of Artificial Intelligence (AI) technology, the Firm is capable of issuing all reports requested faster than other audit firms, without exposing the SAWPA to unnecessary risks.

Remote Auditing Capability. Remote working arrangements have suddenly become the "new normal" in these trying times. Our Firm has deployed top-notch technology and fully transitioned to "remote auditing," offering our clients the quality services they deserve while being fully "remote" or operating in a "hybrid" schedule. "On-site" audits are still the Firm's preferred method, and we'll continue to offer and promote those as well.



Knowledge is Shared with You. As part of our pledge to keep you updated on new technical accounting and financial issues, we implemented our 2022 *Virtual Government Accounting Conference*, which qualifies for up to 15 hours of CPE – double the industry's standard. These online sessions are free of charge and part of the service package provided to you. More details and dates can be found on the "*Client Training Webinars*" topic under this proposal.

The Pun Group is proud of its inclusive values and is an avid promoter of equality and diversity. In addition, the Firm is an equal opportunity employer and complies with all federal and state hiring requirements. We're proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

This proposal is a firm and irrevocable offer valid for ninety (90) days following the closing date for the receipt of all proposals. Also, we acknowledge the receipt of the Q&A dated February 22, 2022.

Also, we would like to emphasize one additional point: **We want to earn your trust and your business!** We are confident that the energetic and experienced team we have assembled is the right one for the SAWPA.

Our commitment to continue serving the Santa Ana Watershed Project Authority cannot be adequately conveyed in a letter, and I look forward to continuing the discussion with you. I'm assigned as your primary contact for contract negotiations. I'm authorized to bind the Firm legally. Should you have any questions or wish to discuss this proposal, please do not hesitate to contact me at (949) 777-8801 or by email at ken.pun@pungroup.com.

Sincerely,

Kenneth H. Pun, CPA, CGMA | Managing Partner | The Pun Group LLP
200 East Sandpointe Avenue, Suite 600, Santa Ana, CA 92707

Statement of Independence

Independence

The Pun Group ^{LLP} requires all employees to adhere to strict independence standards concerning the Firm's clients. These independence standards exceed, in many instances, the rules promulgated by the American Institute of Certified Public Accountants (AICPA).

The Pun Group ^{LLP} certifies that it is independent of the Santa Ana Watershed Project Authority and all of its component units. The Firm meets independence requirements defined by the United States Government Accountability Office's (US GAO's) Government Auditing Standards and the American Institute of Certified Public Accountants (AICPA). Based on that, we have not identified an instance that constitutes a conflict of interest relative to performing the services requested by the SAWPA.

The Firm had no relationship with the Santa Ana Watershed Project Authority during the past five (5) years. The Firm will give the Santa Ana Watershed Project Authority written notice of any professional relationships entered into during the period of the engagement.

In addition, the Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers, or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the Santa Ana Watershed Project Authority.

License to Practice in California

License to Practice in California

The Firm and all key professional staff are licensed by the State of California to practice as Certified Public Accountants and meet the Continuing Professional Education requirements under U.S. GAO's Government Auditing Standards to perform the proposed audits.

Firm Registration:

California State Board of Accountancy Number – PAR 7601
Federal Identification Number – 46-4016990

Firm Qualifications and Experience

About The Pun Group LLP

The Pun Group LLP, Certified Public Accountants, and Business Advisors, founded in 2012, is a limited liability partnership. We are a full-service accounting firm comprised of forty-five professionals providing auditing, accounting, and advisory services to our clients. Our Governmental Division consists of forty full-time individuals. It's comprised of seven (7) Partners, one (1) director, four (4) managers, one (1) Chief Operating Officer, two (2) Supervisors, four (4) Seniors, seventeen (17) Professional Staff, two (2) Word Processors, and two (2) Administrative Support Staff.

The Firm has become one of the "Top Accounting Firms" in Orange County according to the Orange County Business Journal and is also on the list of CalCPA Top 150 firms.

The combination of our hands-on experience and practical knowledge exercised by our audit professionals makes the Firm unique in our field. Our technical expertise and thorough understanding of current regulations and issues—along with the Firm's commitment to hard work, integrity, and teamwork on every engagement—enable us to help our clients succeed.

Our Partners' Group—which includes Kenneth H. Pun, Frances J. Kuo, Vanessa I. Burke, Kenneth Macias, John F. Georger, Jr., Gary M. Caporicci, and Coley Delaney — provides auditing, accounting, and advisory services to numerous governmental entities throughout the United States. With more than two hundred years of combined experience in the industry, we have become a trusted business partner and are well-respected as leaders in the industry in one of the fastest-growing firms. With nearly one hundred government and not-for-profit audit clients, our Partners have a real passion for the industry and believe we are unmatched regarding our municipal experience. The firm also meets professional standards generally accepted in the United States of America and the standards applicable to financial audits contained in 'Government Auditing Standards' issued by the Comptroller General of the United States.

The Firm's headquarters are located in Orange County, California, with four branches in San Diego, Walnut Creek/Sacramento (California), Las Vegas (Nevada), and Phoenix (Arizona).

Our *Orange County* office, located at 200 E. Sandpointe Ave., Suite 600, Santa Ana, CA 92707, will perform the requested services for the SAWPA. However, we may assign additional staff from our other offices to the engagement at no extra cost to the SAWPA. No hiring of subcontractors or joint-venture will be established for this engagement.

Global Capabilities

The Pun Group LLP is an independent member of Allinial Global, an association of over 100 independent accounting and consulting firms. Based in North America, Allinial Global offers international support by connecting its member firms to providers and global networks of accounting firms worldwide.

OUR FIRM AT A GLANCE



45 full-time auditing, accounting, tax and advisory professionals



One of the fastest growing firms serving California, Nevada and Arizona



Client retention rate: 90 – 95%



5 offices across 3 states



OUR AFFILIATIONS



Full-Time Government Auditors

As full-time government auditors, we understand that governmental entities do not operate independently but in an increasingly complex web of local, state, and federal relationships. We know how these relationships work, what they mean at the local level, and how every public organization’s focus on resource management is critical to success.

Also, while many accounting Firms can provide services, not all can build an excellent working relationship with their clients. The Pun Group LLP prides itself on developing lasting, personal relationships with our clients. Our hands-on partner involvement and low personnel turnover are crucial tools to our success and are highly beneficial to the SAWPA.

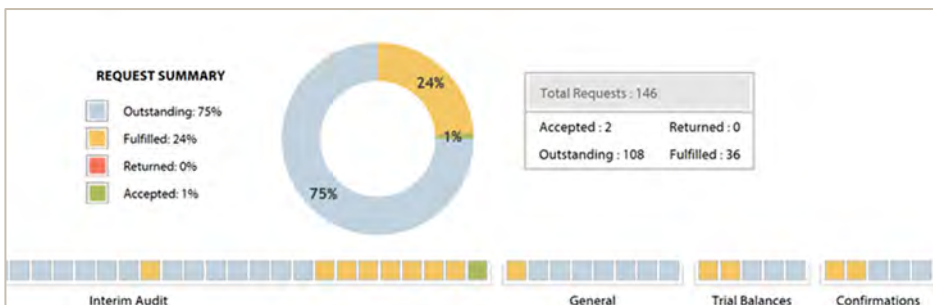
Local Office’s Information Technology (IT) Audit Capabilities

The Pun Group LLP continues our efforts to invest in our IT system to enhance our security further and promote audit efficiency.

Top security for your data is the key to our success. When we have your data virtualized, our Firm takes all the preventive steps to avoid putting your information at risk. Our In-House IT administrator maintains our server to ensure our IT environment is continuously updated with the latest security fixes. Through VPN and Microsoft Remote Desktop, our In-House network administrator can lockdown files and system access from a single point, limiting the ability for remote sites to take data from our server.

Access to systems from anywhere and anytime. With more mobility being the norm rather than the exception, our engagement team needs robust access to the engagement files when they are working in your office. Accounting and Auditing Software applications are installed in our “Private” server and can be securely accessed through VPN and Microsoft Remote Desktop. The Firm uses CCH ProSystem fx® Engagement for audit documentation, which allows real-time synchronization of the work papers and instant collaboration quality control review.

Secure Data File Transfer System. In order to improve audit efficiency, workflow management software plays an essential role between your organization and our engagement team. We employ a secure data file transfer system called *Suralink*. *Suralink*’s dynamic request list is integrated with our secure file hosting system for seamless document-request coordination. It means all our requests are in one place, updated in real-time, and accessible by everyone working on the engagement. As a client, you no longer have to manually maintain a spreadsheet amongst several people, only to repeat the process in a day or two. Not only makes the operation more cost-efficient, but it also enables you and your team to spend your time getting the job done, not reconciling a messy list of outstanding items. The *Suralink* dashboard, as shown below, allows you to visualize the process of the document-request fulfillment.



**BIG FIRM EXPERTISE.
SMALL FIRM VALUES.**

Our professional backgrounds at major national firms showed us how to solve complicated business and accounting challenges, but the sense of personal connection was missing.

We launched The Pun Group because we believe every client deserves to work with experienced business advisors and CPAs who have the time – and take the time – to create an authentic connection. Every client is our top priority!



A UNIQUE CULTURE.

“Personalization” is not just a buzzword – it’s part of our firm’s culture. We take a personal approach to everything we do. We collaborate with our clients, so they’re always part of the process. We listen to our staff to make sure they have the right support and resources to do a great job. Getting to know others and discovering how we can serve them better is not just a sign of good business practices; it’s a sign of good people.



INNOVATION EMBRACED.

New ideas keep you ahead of the game. From leveraging the value of emerging technologies to further refining trusted processes, we adopt proven solutions to meet your needs.



**WHERE YOU GO, WE GO.
WHERE YOU GROW, WE GROW.**

Our success is defined by how you achieve yours. Partner with accomplished accounting and financial professionals who are laser-focused on taking your business to the next level.

Our Services

Our partners and seasoned professionals are always available, guiding clients through their periods of rapid growth as well as difficult times. We are able to do that by offering a portfolio of accounting services that is as diverse as the jurisdictions and entities themselves. The Pun Group LLP has successfully provided professional auditing, accounting, financial reporting, and management advisory/consulting services to a broad spectrum of governmental entities.



ASSURANCE

- Financial statements audits
- Compliance audits
- Performance audits
- Internal audits
- Service organization controls audits



ADVISORY

- Operational reviews/risk advisory services
- Forensic investigation
- Financial condition analysis
- Organizational structure review
- Cash flow analysis
- Debt restructuring consultation
- Litigation restructuring consultation



OTHER SERVICES

- Assistance with the preparation and review of the Annual Comprehensive Financial Report
- Government property lease excise tax compliance review
- Sub-recipient monitoring
- Implementation of new GASB pronouncements
- Audit readiness services
- Contract Finance Director/Accountant services

Our Commitment to Public Sector

All of our partners actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments. Our team is committed to bringing the full breadth and depth of our expertise to the audit of the SAWPA, offering outstanding value to you and your stakeholders. Our Managing Partner has published several thought leadership articles in the California State Municipal Finance Office magazine on auditing and other relevant topics.

Quality Control System

Our Firm meticulously monitors the quality and contents of our reports. The Pun Group LLP is 100% committed to providing only the highest grade of work possible for our clients and for those who rely on our audits. The Firm strives to exceed professional industry standards because of the continuing respect for our clients and our emphasis on creating long-lasting relationships. The Pun Group LLP works exclusively with those who share the same moral integrity and values.

Our quality-control system is crafted with excellence in mind. It not only meets AICPA standards but also matches our high standards, which includes the following of professional development activities.

Federal or State Desk Review

No federal or state desk reviews or field reviews have been undertaken of any audits performed by the Firm or any of its partners, managers, or professionals during the past three (3) years.

Disciplinary Action

State regulatory bodies or professional organizations have taken no disciplinary action against the Firm or any of its partners, managers, or professionals during the past three (3) years.

The Firm has no conditions such as bankruptcy, pending litigations, planned office closures, mergers, or any organizational conflict of interest that may affect the ability of the Firm to perform the required duties requested by the Santa Ana Watershed Project Authority.

Partner, Supervisory, and Staff Qualifications and Experience

The engagement team was carefully selected to provide the SAWPA with all the services needed to complete the audit successfully. Your assigned Engagement and Technical Partners will be personally involved in the project, leading a team that has significant experience in *governmental auditing*. You can be confident that our broad experience and technical capabilities will allow us to provide technical support, interpret findings, and offer practical solutions to any issues that may arise.

About Your Engagement Team

The personnel assigned to this engagement are fully qualified to perform an effective audit of the SAWPA, and their extensive experience will be critical to the audit process. Our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants, as well as held significant roles within and outside of government agencies. Such qualities will bring to an entity like the Santa Ana Watershed Project Authority the thought leadership, quality, and level of experience it requires.

Because of the “familiarity threat” under the professional audit and independence standards that may exist in long-term relationships with audit firms, the Firm is committed and has sufficient resources to rotate engagement partners, managers, and or supervisors assigned to the SAWPA’s audit with personnel with similar or higher qualifications and experience in order to overcome this threat.

If the Firm changes key personnel, we will provide the SAWPA with a written notification. **Engagement personnel will only be changed with express prior written permission from the SAWPA.** Audit personnel may be replaced only by those with similar or better qualifications and experience.

Staff Continuity

The Pun Group LLP is committed to maintaining staff continuity throughout audit engagements, and we can assure that the partners assigned to this audit will be involved throughout the entire contract term.

While we cannot guarantee that our staff level members will stay with the Firm, we encourage loyalty by paying competitive wages, offering opportunities for promotion, using state-of-the-art equipment, and providing excellent working conditions. Also, we offer benefits, including retirement plans, medical plans, profit-sharing programs, and continuing education. In addition, the Firm is an equal opportunity employer and complies with all federal and state hiring requirements. We’re proud of supporting affirmative-action philosophies and work hard to provide opportunities for self-enhancement to members of disadvantaged groups.

Santa Ana Watershed Project Authority



Kenneth H. Pun, CPA, CGMA | Engagement/Lead Partner

Kenneth Pun is the Managing Partner and an Assurance Partner at the Firm. With over twenty-one years of public accounting experience in the state and local government sector, he specializes in audits, management, and consulting for governmental organizations. Mr. Pun has served as the Contract Deputy Finance Director for the City of San Marino in 2017. He has served as the Chair of the California Society of CPAs Governmental Auditing Accounting Committee. He is a Certified Public Accountant and a Chartered Global Management Accountant.

Mr. Pun will actively serve as the Engagement/Lead Partner overseeing the Engagement Team, developing the audit plan, reviewing fieldwork for quality, approving final reports, and communicating with the Finance Department. He will also be responsible for the timely delivery of all services for the SAWPA.



Frances J. Kuo, CPA, CGMA | Technical/Concurring Partner

Frances Kuo is an Assurance Services Partner. She has extensive experience in providing audit and advisory services to local government agencies, including public pension plans, cities, counties, special districts, community colleges, and joint powers authorities, as well as not-for-profit organizations. Ms. Kuo brings a wealth of experience from her background in audits and advisory services in areas such as internal controls, policy development, and accounting system implementation. She is a Certified Public Accountant and a Chartered Global Management Accountant.

Ms. Kuo will act as the Technical/Concurring Partner and provide a second partner review of significant high-risk areas, audit reports, and resolution of significant accounting, auditing, and reporting matters.



John ("Jack") F. Georger, CPA, CIA, CGMA | Quality Control Reviewer

Throughout his forty years of experience, Mr. Georger has spent many years in Big 4 and national firms. He worked diligently alongside numerous governmental municipalities, including cities, counties, and transportation agencies, as well as not-for-profit entities, providing clients with financial and compliance auditing as well as consultation services. Mr. Georger annually instructs over 300 hours in accounting and auditing subjects and has authored training material in governmental accounting and auditing for the AICPA. Mr. Georger is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB), the gold standard for audit firms throughout the United States. As the Chief Quality Officer in our Firm, he advises clients with their complex accounting questions and supports the engagement team with audit issues. He is a Certified Public Accountant, a Certified Internal Auditor, and a Chartered Global Management Accountant.

Mr. Georger is responsible for reviewing all reports issued by the Firm to ensure the utmost quality and compliance with professional standards and the final quality-control assessment within the engagement.



Gary M. Caporicci, CPA, CGFM, CFF | GASB Implementation Specialist

Gary Caporicci is an appointed member of the State Controller's Retirement Advisory Committee. Mr. Caporicci is a leading expert and has authored and taught the courses for CalCPA and AICPA on GASB 68, *Accounting and Financial Reporting for Pensions* and on GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Mr. Caporicci will utilize his expertise in providing advice and consultation during the implementation of the new GASB standards. As an assurance partner with over forty years of experience, Mr. Caporicci has performed financial, compliance audit, and consultation services to government clients, including cities, counties, transportation agencies, and school districts, as well as various not-for-profit entities. He is a Certified Public Accountant, a Certified Government Financial Manager, and Certified in Financial Forensics.

Mr. Caporicci will be responsible for providing advice and consultation for the implementation of new accounting standards.



Andrew Roth, CPA | Compliance Director

Andrew Roth is a Director within the Firm who holds an Advanced Certification in Single Audits through the AICPA. He draws more than a decade of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. He is a Certified Public Accountant.

Mr. Roth will direct and supervise the audit team in its daily activities and tasks in order to deliver all services requested.



Mark Hu, CPA | Audit Supervisor

Mark is a Supervisor within the Firm. He will work with the engagement team and City's finance personnel during the auditing process. He is a Certified Public Accountant.

Mr. Hu will secure the effective implementation of the services approach while assisting in the timely delivery of the requested services.

Continuing Education

Because of our commitment to provide the highest quality of services to the SAWPA, we provide our professionals with technical training to ensure our people stay current on topics within the industry sectors and better equip themselves to serve our clients.

All professionals are required to obtain continuing education that exceeds the requirements of the American Institute of Certified Public Accountants (AICPA) and, where applicable, *Government Auditing Standards*. Our professionals participate in continuing education programs through the following means:

- Governmental Accounting and Auditing Conference sponsored by AICPA.
- Webinar sponsored by AICPA Government Audit Quality Center.
- Annual Conference sponsored by California Society Municipal Finance Officers.
- Governmental Accounting and Auditing Conference sponsored by CalCPA.
- The Pun Group in-house training on government-specific topics, including but not limited to GASB updates, 2018 Revision Government Auditing Standards, Fraud in State and Local Governments, COSO Internal Control-Integrated Framework, Audit of State and Local Governments, Single Audit, and Mindbridge AI Auditors™.



In 2021, our government professionals received an average of 52 hours of continuing professional education, compared with the 40 hours accounting industry requirement.

By expanding our knowledge through these seminars/conferences, we can provide the right solutions to our clients.

Engagement Team Resumes

The Santa Ana Watershed Project Authority deserves experienced professionals who work as a team. The Pun Group LLP will provide qualified professionals to perform the audit. Resumes for key engagement team members follow:



Kenneth H. Pun
CPA, CGMA
**Engagement/
 Lead Partner**



EMAIL

ken.pun@pungroup.cpa



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
 AGENCIES



ENTERPRISE
 OPERATIONS



HIGHER
 EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
 California

EXPERIENCE

Kenneth H. Pun is the Managing Partner and an Assurance Partner at The Pun Group LLP, which he founded in 2012 after serving in senior-level positions for well-established national and regional firms. Under his leadership, The Pun Group has become one of the “*Top Accounting Firms*” in Orange County, according to the Orange County Business Journal. The Pun Group is also on the list of CalCPA Top 150 firms.

Prior to founding The Pun Group, Ken has served clients in a variety of industries, including small to very large state and local governmental agencies, insurance companies, not-for-profits, healthcare, technology, and manufacturing and distribution clients. His career in public accounting was spent primarily with the Regional firms and National firms.

Leveraging more than 21 years of public accounting experience, Ken has earned a reputation of being a trusted advisor to governmental and Healthcare organizations throughout California and neighboring states. Municipalities and public agencies engage him because of his premier level of client service, commitment, and innovative methods of increasing operational efficiencies and reducing costs.

Ken maintains his deep commitment to professional education through his work as an instructor for the California Education Foundation. He has authored training materials in governmental accounting and auditing, such as Financial Reporting for State and Local Governments, 2018 Government Auditing Standards, and Single Audit Fundamentals for California Education Foundation. He is also the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits. He advises clients on those topics at influential industry forums. Internally, Ken mentors audit teams by providing direction and technical guidance to ensure adherence to the firm’s quality controls.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Member, CalCPA California Committee on Municipal Accounting
- Member, CalCPA Governmental Accounting and Auditing Conference Planning Committee
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, CSMFO Professional Standards Committee
- Speaker, CSMFO Conference (2014 and 2018)
- Instructor, CalCPA Education Foundation
- Technical Reviewer, CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits

RELEVANT EXPERIENCE

- | | |
|---|--|
| <ul style="list-style-type: none"> • Alameda County Water District • El Toro Water District • Marina Coast Water District • Riverside County Flood Control and Water Conservation District • Alameda County Water District | <ul style="list-style-type: none"> • Central Basin Municipal Water District • Las Virgenes Municipal Water District • Orange County Coastkeeper • South Orange County Wastewater Authority • Sativa Los Angeles County Water District • Central Basin Municipal Water District |
|---|--|

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Frances J. Kuo
 CPA, CGMA
 Technical/
 Concurring Partner



EMAIL
 frances.kuo@pungroup.com



WEBSITE
 www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
 AGENCIES



ENTERPRISE
 OPERATIONS



HIGHER
 EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
 California
 Arizona

EXPERIENCE

Frances Kuo is a Partner in The Pun Group, LLP's Assurance division. Frances has over sixteen (16) years of accounting and auditing experience working with governmental agencies, not-for-profit entities, and employee benefit plans. Frances also has particular expertise in conducting financial audits under GAO Yellow Book standards and compliance audits in accordance with Uniform Guidance, formerly known as OMB Circular A-133 standards.

Frances has performed audits and other attestation services for several municipalities throughout California, including cities, counties, successor agencies to former redevelopment agencies, public financing authorities, housing authorities, transportation agencies, and special districts. She has assisted these clients in publishing their Annual Comprehensive Financial Reports in compliance with GASB Statement No. 34.

Frances is the in-house instructor who provides training, both theoretical and *on-the-job* training, to lower-level staff. She has developed training materials on the risk-based audit approach, GASB Statement No. 34 reporting, Single Audits, and employee benefit plan audit.

EDUCATION

University of California, Riverside

B.S. Degree – Business Administration, Emphasis in Accounting

University of California, Riverside

B.A. Degree – Economics

LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CaICPA)
- Member, California Society of Municipal Finance Officers (CSMFO)

RELEVANT EXPERIENCE

- Marina Coast Water District
- Coachella Water Authority
- Las Virgenes Municipal Water District
- Yorba Linda Water District
- Water Replenishment District of Southern California
- City of Culver City
- City of Glendora
- City of Industry
- City of Perris
- City of Pomona

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CaICPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



John F. Georger, Jr.
 CPA, CIA, CGMA
 Quality Control
 Reviewer



EMAIL
 jack.georger@pungroup.com



WEBSITE
 www.pungroup.cpa

EXPERIENCE

Jack Georger is the Chief Quality Officer within The Pun Group ^{LLP}'s Assurance division. By leveraging more than forty (40) years of public accounting and auditing experience in the government, agribusiness, financial services, manufacturing, and nonprofit sectors, Mr. Georger brings in-depth knowledge and practical expertise to each engagement.

Jack coordinates, plans, and manages financial audit activities, consulting activities, federal and state compliance audit activities, performance audits, and numerous quality control and internal control reviews for a broad mix of governmental agencies and programs throughout the United States.

Mr. Georger leads our Peer Review department providing peer review services to other firms under the practice monitoring program of the AICPA.

Mr. Georger is a continuing professional education course instructor for the AICPA. Annually, he instructs over 300 hours in accounting and auditing subjects. Jack has authored training material in governmental accounting and auditing for the AICPA. He is the technical reviewer of the CCH Knowledge-Based Audits™ of State and Local Governments with Single Audits, GAAP Guide (FASB), and Governmental GAAP Guide (GASB).

Mr. Georger is licensed to practice as a certified public accountant in the states of California, New York, Virginia, Maryland, District of Columbia, Missouri (inactive), Connecticut (inactive), and Wyoming (inactive). He is a Certified Internal Auditor (CIA).

EDUCATION

George Mason University Fairfax, Virginia
 B.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Institute of Internal Auditors
- Member, California Society of Certified Public Accountants (CaICPA)
- Member, New York Society of Certified Public Accountants (NYSSCPA)
- Chairman, NYSSCPA Government Accounting and Auditing Committee
- Member, NYSSCPA Auditing Standards Committee
- Member, NYSSCPA Sustainability Committee
- Member, NYSSCPA Not-for-Profit Committee
- Nevada Society of Certified Public Accountants (NSCPA)
- Member, Government Finance Officers Association (GFOA) – Reviewer
- Member, Institute of Internal Auditors

CONTINUING PROFESSIONAL EDUCATION

He has instructed over 300 hours of municipal accounting courses offered by the AICPA.

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

Expertise:



CITIES



COUNTIES



TRANSPORTATION
 AGENCIES



ENTERPRISE
 OPERATIONS



HIGHER
 EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
 California
 Arizona
 Nevada



Gary M. Caporicci
CPA, CGFM, CFF
GASB
Implementation
Specialist



EMAIL

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WEBSITE

www.pungroup.cpa

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Gary M. Caporicci has more than forty years of diversified business experience, including a specialization in audit and management consulting for government organizations. Gary's clients include public and private universities and colleges, city and county governments, state agencies, joint power authorities, healthcare agencies, transportation agencies, and special districts. Known for his expertise in the areas of construction and government, Gary wrote the AICPA audit guides on these topics, and he has authored many audit and accounting courses for professional groups, as well as academic institutions. He frequently speaks and lectures at many professional organizations, governmental seminars, and conferences held by industry associations, other accounting firms, and universities. Also, he authors white papers for the California Committee on Municipal Accounting.

Before working with the Firm, Gary founded his accounting practice. He also spent eleven years with a "Big Eight" professional services firm, where he was an Audit Manager and gained broad experience in a wide range of industries such as government, construction, manufacturing, mutual funds, and insurance. Gary has held a consultant position with a "Big Four" practice and was Vice President of a national insurance and financial services company.

In 2015 Gary Caporicci was appointed to the State Retirement Advisory Committee by the State Controller.

EDUCATION

Armstrong University

B.S. Degree – Accounting and Finance

LEADERSHIP & AFFILIATIONS

- Member and Instructor, American Institute of Certified Public Accountants (AICPA)
- Member, Author, and Instructor, California Society of Certified Public Accountants (CalCPA)
- Past Chair, CalCPA Governmental Accounting and Auditing Committee
- Chair and Speaker, CalCPA Governmental Accounting and Auditing State Conferences
- Member, CalCPA Council
- Chair, California Committee on Municipal Accounting (CCMA)
- Member, Government Finance Officers Association (GFOA)
- Member, California Society of Municipal Finance Officers (CSMFO)
- Member, Governmental Accounting Standards Board (GASB)
- Member, Deposit and Investment Risks Disclosure Task Force (GASB No. 40)
- National Reviewer and Speaker, Government Finance Officers Association
- Adjunct Professor, National University
- Past Member, Texas Governmental Accounting and Auditing Committee
- GFOA Certificate for Excellence in Financial Reporting – Reviewer

CONTINUING PROFESSIONAL EDUCATION

Author and instructor of various municipal accounting courses offered by the AICPA, CalCPA Education Foundation, and local universities, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.



Andrew Roth
CPA
Engagement
Director



EMAIL

andrew.roth@pungroup.com



WEBSITE

www.pungroup.cpa

EXPERIENCE

Andrew Roth is a Director within The Pun Group LLP. He has more than twelve (12) years of governmental and not-for-profit experience in the areas of financial audit and reporting under governmental and financial accounting standards, evaluation of internal controls under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework, the performance of Single Audits under the Uniform Guidance, subrecipient monitoring of Federal Grants, corporate financial reporting, data analytics, and exempt taxation. His client portfolio consists of moderate to large municipalities (cities and counties), municipal transportation districts, water districts, municipal electric utilities, and non-profit organizations whose missions involve building communities. His governmental agency clients have federal grant expenditures that range from \$100 million to \$750 million annually.

In various engagements, Andrew has been responsible for leading the service delivery where he has actively contributed and managed the planning process, implementation of the audit work plan, supervision of multiple audit teams, provided yearly team updates on the changes in compliance testing requirements for the Single Audits, and preparation of all deliverables including the Annual Comprehensive Financial Reports, the Single Audit, Compliance Reports, Data Collection Forms, and City Council/Board presentations. He has also been a guest speaker on topics involving Federal grants such as Update to Yellow Book Standards, Compliance Auditing, and Updates to the Uniform Guidance Procurement Requirements.

EDUCATION

San Diego State University
B.A. Degree – Accounting



LEADERSHIP & AFFILIATIONS

- Member, American Institute of Certified Public Accountants (AICPA)
- Member, California Society of Certified Public Accountants (CalCPA)

RELEVANT EXPERIENCE

- Las Virgenes Municipal Water District
- Olivenhain Municipal Water District
- City of Placerville
- City of Stockton
- County of Madera
- Marina Coast Water District
- City of National City
- City of Shafter
- County of San Diego
- County of Imperial

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CalCPA Education Foundation, including:

- Governmental and Non-profit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

Expertise:



CITIES



COUNTIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



HIGHER
EDUCATION



NOT-FOR-PROFIT

Licensed to Practice in:
California
Arizona



Mark Hu
CPA

Audit Supervisor



EMAIL

mark.hu@pungroup.com



WEBSITE

www.pungroup.cpa

Expertise:



CITIES



TRANSPORTATION
AGENCIES



ENTERPRISE
OPERATIONS



NOT-FOR-PROFIT

Licensed to Practice in:
California

EXPERIENCE

Mark Hu, CPA, is a Supervisor at The Pun Group LLP with more than eight years of experience in providing accounting and audit services, internal control and risk evaluation, and business consulting to privately held and public companies. Mr. Hu has worked with clients in a variety of industries, including large not-for-profits entities, insurance carriers, manufacturing and distribution, and government entities.

Mark has been responsible for managing, planning, and performing financial and regulatory external and internal audits and for developing and conducting internal control procedures and risk assessment evaluations. He has evaluated key processes within companies to determine areas of operating inefficiencies or potential internal control weaknesses and developed findings into recommended courses of action and into report comments and recommendations for resolution.

Mr. Hu has provided accounting support services to local not-for-profit and governments, including financial statement analysis and preparation.

EDUCATION

Hofstra University, New York

M.S. Degree – Accounting

LEADERSHIP & AFFILIATIONS

- Member, California Society of Certified Public Accountants (CaICPA)

RELEVANT EXPERIENCE

- City of Stockton
- City of Redding
- City of Ridgecrest
- City of Culver City
- City of Lynwood
- City of Douglas, AZ
- City of Rohnert Park
- City of South Gate
- City of Placerville
- Alameda County Water District

CONTINUING PROFESSIONAL EDUCATION

Various courses offered by the Firm, online through Thompson Reuters, AICPA, CaICPA Education Foundation, including:

- Governmental and Nonprofit Annual Update
- Government Auditing Standards
- GASB Basic Financial Statements for State and Local Governments
- Single Audits: Uniform Guidance (formerly OMB Circular A-133)
- Financial Accounting Standards Board Annual Updates
- Statement on Standards for Accounting and Review Services Updates

Has met/exceeded the current CPE educational requirements to perform audits of governmental agencies.

Similar Engagement with Other Government Entities

The following are some current engagements with similar requirements as the Santa Ana Watershed Project Authority’s proposal. Please feel free to contact these agencies to learn more about their experiences working with us.

Name of Public Agency	Olivenhain Municipal Water District
Contact Info	Ms. Rainy Selamat RSelamat@olivenhain.com Phone: (760) 753-6466
Total Hours	200
Contract Price	\$25,500/year
Date of Services	2018 – Present
Scope of Work/Reports Prepared	Financial Statements Audit.

Name of Public Agency	Alameda County Water District
Contact Info	Ms. Mariana Grajeda, CPA (510) 668-4258 mariana.grajeda@acwd.com
Total Hours:	Approximately 550 hours
Contract Price	\$60,800/year
Date of Services	2019 - Present
Scope of Work/Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Debt Issues/Bond Covenants, SCO Report.

Name of Public Agency	Zone 7 Water Agency
Contact Info	Osborn Solitei, Treasurer/Assistant General Manager, Finance (925) 447-6704 osolitei@zone7water.com
Total Hours:	Approximately 400 hours
Contract Price	\$30,500/year
Date of Services	2020 - Present
Scope of Work/Reports Prepared	Financial Audit and Compliance Services: Annual Comprehensive Financial Report Audit, GFOA Award, Single Audit, OPEB Liability, SCO Report, Livermore Valley Water Financing Authority SCP, Debt Issues/Bond Covenants.

Name of Public Agency	Marina Coast Water District
Contact Info	Kelly Cadiente, Director of Administrative Services kcadiente@mcwd.org
Total Hours:	Approximately 240 hours
Contract Price	\$25,000/year
Date of Services	2012 - Present
Scope of Work/Reports Prepared	Basic financial statements audit, SCO Report.

Name of Public Agency	Central Basin Municipal Water District
Contact Info	Peggy Williams, Accounting Manager (323) 201-5513 peggyw@centralbasin.org
Total Hours:	Approximately 300 hours
Contract Price	\$30,000/year
Date of Services	2018 - Present
Scope of Work/Reports Prepared	Basic financial statements audit, SCO Report.

Firm's Current and Past Experience with Special Districts and Authorities

Our Firm has provided professional services to several Districts and Authorities. Below is a representative listing of such engagements:

- Adelanto Public Utility Authority
- Alameda County Water District
- Arbuckle Public Utility District
- Bodega Bay Fire Protection District
- Casitas Municipal Water District
- Central Basin Municipal Water District
- Civic – Recreational – Industrial Authority
- City of Monterey Joint Powers Financing Authority
- Coachella Valley Resource Conservation District
- Coachella Fire Protection District
- Diablo Water District
- East Orange County Water District
- El Toro Water District
- Farm Mutual Water Company
- Las Virgenes Municipal Water District
- Las Virgenes – Triunfo Joint Powers Authority
- Los Angeles Waterkeeper
- Marina Coast Water District
- Menlo Park Fire Protection District
- Mountain Recreation Conservation Authority
- North County Dispatch Joint Powers Authority
- North County Fire Protection District
- Olivenhain Municipal Water District
- Orange County – City Hazardous Materials Emergency Response Authority
- Orange County Coastkeeper
- Palmdale Water District
- Perris Joint Powers Authority
- Presidio Municipal Services Agency
- Rancho Santa Fe Fire Protection District
- Riverside County Flood Control and Water Conservation District
- San Diego Coastkeeper
- San Bernardino County Fire District
- San Elijo Joint Powers Authority
- San Joaquin County Regional Fire Dispatch Authority
- South Bay Regional Public Communications Authority
- Santa Fe Irrigation District
- Sativa Los Angeles County Water District
- South Orange County Wastewater Authority
- Sweetwater Springs Water District
- Trabuco Canyon Water District
- Twentynine Palms Water District
- Valley Sanitary District
- Water Replenishment District of Southern California
- West County Wastewater District

Firm's Experience with State Controller's Reports

The Pun Group LLP has assisted numerous clients with the preparation of the required reports by the California State Controller's Office. Some of this experience follows:

Cities Financial Transactions Report:

- City of Adelanto
- City of Arvin
- City of Bell
- City of Coachella
- City of Culver City
- City of Desert Hot Springs
- City of Hercules
- City of Placentia
- City of Laguna Niguel
- City of Lakewood
- City of Lynwood
- City of Monterey
- City of Morro Bay
- City of Napa
- City of National City
- City of Palm Springs
- City of Perris
- City of Rohnert Park
- City of South Gate
- City of Stockton

Annual Street Report:

- City of Desert Hot Springs
- City of Laguna Niguel
- City of Napa
- City of Palm Springs
- City of Perris
- City of Stockton

Special Districts Financial Transactions Report:

- Special District of West End Water Development Treatment and Conservation Joint Powers Authority
- Special District of West Valley Water District
- Special District of Coachella Financing Authority
- Special District of Coachella Sanitary District (Riverside)
- Special District of Coachella Water Authority
- Special District of Desert Hot Springs Public Financing Authority
- Special District of Desert Hot Springs Successor Agency
- Special District of Perris Public Utility Authority
- Special District of Perris Public Financing Authority
- Special District of Perris Joint Powers Authority
- Special District of Central Basin Municipal Water District
- Special District of Marina Coast Water District
- Special District of Menlo Park Fire Protection District
- Special District of San Bernardino County Fire Protection District

Transit Operators Financial Transactions Report:

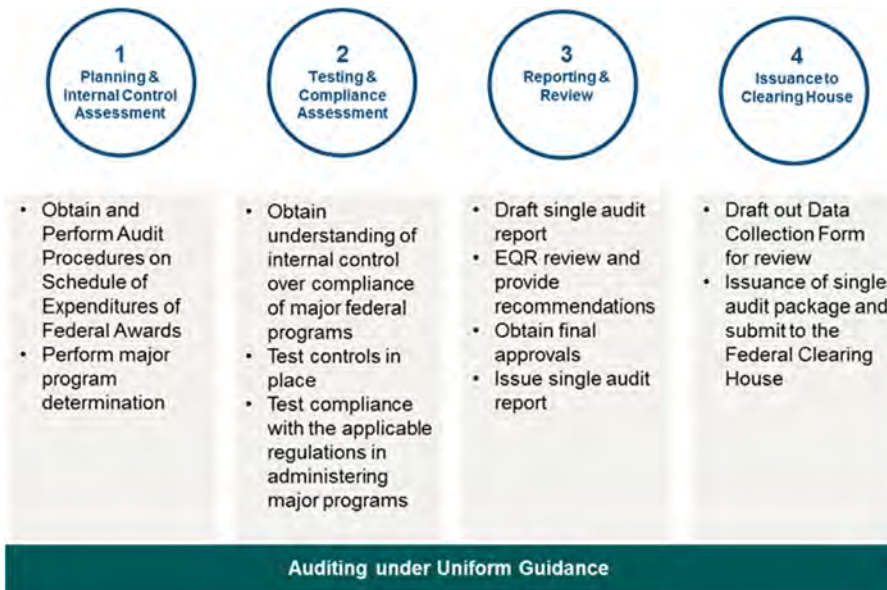
- City of Arvin
- City of Culver City

Firm’s Experience with Single Audit and Grants

The Pun Group LLP works with numerous organizations that receive extensive governmental funding and are subject to auditing under Uniform Grant Guidance. This Firm’s specialization helps our audit team understand the procedures’ nuances and execute the engagement accordingly. We also assist in preparing the data collection form and preparing the reporting package for submission to the federal audit clearinghouse.

The Firm is a member of the AICPA Governmental Audit Quality Center and has demonstrated our commitment to audit quality, including those performed under Government Auditing Standards and Uniform Guidance. Also, we are a recipient of the *Single Audit Resource Center’s Award for Excellence*. This award is based on the positive feedback result from our clients in an independent survey, demonstrating our Firm’s highest commitment to quality and client satisfaction.

We utilize standardized audit programs from the federal government’s Compliance Supplement to ensure that our procedures meet the federal standards. Our audit programs are continually updated to reflect the revisions of OMB. Our Uniform Guidance risk-based approach focuses on areas of higher risk of noncompliance. Such an approach truly reflects the federal government’s intent by concentrating on the following four steps:



- 1. Planning & Internal control assessment:** The engagement team will obtain an understanding of the SAWPA and its operating environment and its internal control over the Schedule of Expenditures of Federal Awards. The engagement team will perform the major program determination and communicate with the SAWPA’s management before conducting major program testing.
- 2. Testing & compliance assessment:** The engagement team will obtain an understanding of internal control over compliance on the direct and material compliance requirements for each major program. The engagement will perform testing on internal controls over compliance to ensure the controls are in place working effectively and properly and that the SAWPA is in compliance with the applicable regulations in administering major programs.
- 3. Reporting & Review:** The engagement team will review and prepare the single audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. Any comments will be issued to the management or the Charge with Governance, depending on the magnitude of the issues. Upon obtaining the final approvals from management, the Single Audit report will be issued.
- 4. Issuance to Clearing House:** The engagement team will assist the SAWPA in drafting out the data collection form and completing the final submission, including uploading the audit package to the Federal Clearing House.

Santa Ana Watershed Project Authority

Our Firm has audited hundreds of millions of dollars in federal expenditures, making our engagement team uniquely experienced in single audits. We are familiar with *grantors*, such as:



- Corporation for National and Community Services
- Department of Agriculture
- Department of Education
- Department of Health and Human Services
- Department of Housing and Urban Development
- Department of Transportation
- Environmental Protection Agency
- Department of Commerce
- Department of Labor
- Department of Homeland Security
- Department of Justice
- Department of Treasury
- Executive Office of the President

Following are a few examples of the types of federal programs our engagement team has experience auditing:

	CFDA
Child and Adult Care Food Program	10.558
Community Development Block Grants/Entitlement Grants	14.218
Home Investment Partnership	14.239
Housing Vouchers Cluster	14.871
Title XVI Water Reclamation and Reuse Program	15.504
Equitable Sharing Program	16.922
WIAWIOA Adult Program	17.258
WIAWIOA Youth Activities	17.259
WIAWIOA Dislocated Worker Formula Grants	17.278
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Federal Transit - Capital Investments Grants	20.500
Federal Transit - Formula Grants	20.507
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608
Capitalization Grants for Clean Water State Revolving Funds Cluster	66.458
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045
Nutrition Services Incentive Program	93.053
Temporary Assistance for Needy Families (TANF) State Programs	93.558
Community Service Block Grant	93.569
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714
National Urban Search and Rescue (US&R) Response System	97.025
Homeland Security Grant Program	97.067

Firm's Expertise and Experience in Governmental Accounting Rules and Regulations Including Implementation of new GASB Pronouncements

Changing federal laws, statutes, ordinances, and compliance provisions have created unprecedented complexity in public accounting today. Our GASB Implementation Specialist, Mr. Gary Caporicci, has helped our clients implement new standards while adapting to changes within the existing standards. Our partners serve on committees that have input into how new standards are written. They actively participate in industry associations focused on state and local governments. By participating in industry associations and activities, we are always up to date on the latest industry changes and their impact on your operations. We will keep you and our colleagues in the Firm fully informed of these developments.

Also, our professionals are familiar with the complexities of governmental accounting, auditing, and financial reporting, including but not limited to all GASB pronouncements, the Single Audit Act, Uniform Guidance (formerly known as OMB Circular A-133), and fund operations. They have held positions as professional certified public accountants and taken on significant roles within and outside government agencies. Such experience brings to our clients the thought leadership, quality, and level of expertise they require.

The Firm is well versed and experienced in assisting our clients with the implementation of the applicable GASB pronouncements every year, such as GASB 34, GASB 54, GASB 65, GASB 68, GASB 75, and GASB 84. Mr. Gary Caporicci, as a chair of the California Committee on Municipal Accounting "CCMA," wrote "white-papers" on each of these pronouncements.

Throughout the engagement, several new GASB pronouncements will become effective. The Engagement Team will pay specific attention to upcoming statements that will become effective and work with the SAWPA to create a plan to address new standards before the implementation period. This step will allow the finance department staff the needed time to be prepared.

Special Attention: GASB Pronouncements Effective for Reporting Year 2022

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions.

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition.

Effective Date: for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for IRC Section 457 Deferred Compensation Plans

The requirements that exempt governments from reporting defined contribution pension/OPEB plans in a fiduciary trust fund, unless the government actually controls the assets, are effective immediately. This limits the applicability of paragraph 7 of GASB 84 to defined benefit pension/OPEB plans that are administered through qualifying trusts.

(The requirements of this statement that are related to the financial accounting and reporting for IRC Section 457 plans are effective for reporting the year 2022)

GASB Statement No. 98, The Annual Comprehensive Financial Report

This Statement establishes the term annual comprehensive financial report and its acronym ACFR.

Effective Date: for fiscal years ending after December 15, 2021, and all reporting periods thereafter.

Firm's Experience Working with Municipal Clients

The Pun Group LLP has performed numerous audits of organizations subject to financial and compliance audits. These audits were performed under auditing standards generally accepted in the United States, Government Auditing Standards, Uniform Guidance (formerly known as OMB Circular A-133), and its Compliance Supplement (when applicable), Office of the State Controller's Minimum Audit Requirements and Reporting Guidelines.

A representative list of our current municipal clients follows:

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Adelanto	2021 – Present	Yes	Yes	Yes	700
City of Alameda	2019 – Present	Accounting and Consulting Services			150
City of Arvin	2013 – Present	Yes	Yes	N/A	400
City of Bell	2018 – Present	Yes	Yes	Yes	520
City of Bradbury	2012 – Present	Yes	N/A	N/A	150
City of Calexico	2007 – Present	Yes	Yes	N/A	750
City of Clovis	2006 – Present	Yes	Yes	Yes	500
City of Coachella	2017 – Present	Yes	Yes	Yes	410
City of Cottonwood, AZ	2007 – Present	Yes	Yes	Yes	400
City of Corona	2021 – Present	Yes	Yes	Yes	640
Town of Corte Madera	2022 – Present	Yes	Yes	N/A	400
Town of Danville	1999 – Present	Yes	Yes	Yes	400
City of Douglas, AZ	2020 – Present	Yes	Yes	Yes	300
City of Desert Hot Springs	2013 – Present	Yes	N/A	N/A	700
City of Gardena	2007 – Present	Yes	Yes	Yes	700
City of Gilroy	2020 – Present	Yes	Yes	Yes	640
City of Glendora	2017 – Present	Yes	Yes	Yes	430
City of Gustine	2017 – Present	Yes	N/A	N/A	400
City of Hemet	2015 – Present	Yes	Yes	N/A	380
City of Hercules	2020 – Present	Yes	Yes	Yes	450
City of Lakewood	2013 – Present	Yes	Yes	Yes	380
City of Lomita	2020 – Present	Accounting and Consulting Services			150
City of Lodi	2018 – Present	Yes	Yes	Yes	760
City of Lynwood	2016 – Present	Yes	Yes	Yes	585
City of Madera	2019 – Present	Yes	Yes	Yes	470

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Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
City of Monterey	2016 – Present	Yes	Yes	Yes	620
City of Napa	2019 – Present	Yes	Yes	Yes	750
City of National City	2013 – Present	Yes	Yes	Yes	600
City of Palm Springs	2020 – Present	Yes	Yes	Yes	1,000
City of Patterson	2017 – Present	Yes	Yes	Yes	450
City of Perris	2019 – Present	Yes	Yes	Yes	840
City of Placentia	2016 – Present	Yes	Yes	Yes	620
City of Placerville	2008 – Present	Yes	Yes	N/A	400
City of Redding	2016 – Present	Yes	Yes	Yes	600
City of Redlands	2022 – Present	Yes	Yes	Yes	650
City of Ridgecrest	2009 – Present	Yes	Yes	Yes	300
City of Rohnert Park	2020 – Present	Yes	Yes	Yes	700
City of San Mateo	2021 – Present	Yes	Yes	Yes	900
City of Seal Beach	2017 – Present	Yes	Yes	Yes	410
City of Shafter	2017 – Present	Yes	Yes	Yes	400
City of South Gate	2016 – Present	Yes	Yes	Yes	480
City of Stockton	2012 – Present	Yes	Yes	N/A	3,000
City of Tracy	2021 – Present	Yes	Yes	Yes	960
City of Visalia	2021 – Present	Yes	Yes	Yes	650
Imperial County Transportation Commission	2020 – Present	Yes	Yes	Yes	600
Nevada County Transportation Commission	2021 – Present	Compliance Services			450
San Diego Metropolitan Transit System	2005 – Present	Yes	Yes	Yes	1,850
Shasta Regional Transportation Agency	2015 – Present	Yes	N/A	N/A	400
Alameda County Water District	2018 – Present	Yes	Yes	N/A	550
Carmel Area Wastewater District	2022 – Present	Yes	Yes	N/A	150
CAWD/PBSCD Wastewater Reclamation Project	2022 – Present	Yes	N/A	N/A	150
Central Basin Water District	2018 – Present	Yes	Yes	N/A	400
Gold Coast Transit District	2020 – Present	Accounting and Consulting Services			Hourly
Las Virgenes Municipal Water District	2014 – Present	Yes	N/A	N/A	400
Los Angeles County Law Library	2020 – Present	Yes	N/A	N/A	180

Santa Ana Watershed Project Authority

Municipalities	Dates	Financial Audit	Single Audit	GFOA Certificate	Total Hours
Marina Coast Water District	2012 – Present	Yes	N/A	Yes	240
Menlo Park Fire Protection District	2015 – Present	Yes	Yes	Yes	240
NALEO Educational Fund and NALEO	2020 – Present	Yes	N/A	N/A	300
Olivenhain Municipal Water District	2019 – Present	Yes	Yes	Yes	200
Padre Dam Municipal Water District	2020 – Present	Yes	Yes	Yes	250
Rancho Murieta Community Services District	2019 – Present	Accounting and Consulting Services			800
Rancho Santa Fe Fire Protection District	2015 – Present	Yes	N/A	N/A	120
San Bernardino County Emergency Training Center	2020 – Present	Yes	N/A	N/A	50
San Bernardino County Preschool Services Department	2020 – Present	Yes	Yes	N/A	150
San Bernardino County Fire Protection District	2016 – Present	Yes	N/A	N/A	200
San Elijo Joint Powers Authority	2016 – Present	Yes	N/A	N/A	146
Santa Fe Irrigation District	2019 – Present	Yes	N/A	N/A	250
Sweetwater Authority	2022 – Present	Yes	Yes	Yes	270
South Bay Cities Council of Governments	2020 – Present	Yes	N/A	N/A	100
South Orange County Water Authority	2017 – Present	Yes	Yes	Yes	240
South Bay Regional Public Communications Authority	2015 – Present	Yes	N/A	N/A	100
Southwestern Community College District	2009 – Present	Yes	Yes	N/A	720
Valley Sanitary District	2015 – Present	Yes	N/A	Yes	140
West Valley Mosquito and Vector Control District	2016 – Present	Yes	N/A	N/A	100
Zone 7 Water Agency	2020 – Present	Yes	Yes	Yes	400

GFOA Award Program

The Pun Group ^{LLP} realizes the importance of maintaining the Certificate for Excellence in Financial Reporting from the GFOA. Our professionals are exceptionally well qualified in assisting governments in obtaining and maintaining their certificates.

The Firm's commitment and involvement in the development of auditing and accounting standards can be shown in our active participation in the GFOA's financial statements certificate programs. 100% of our current clients who submitted their Annual Comprehensive Financial Report to the GFOA received these awards.

Also, two of our senior partners, Mr. Gary Caporicci and Mr. John F. Georger, are members of the Government Finance Officers Association and participate in the GFOA Special Review Committee.

Specific Audit Approach

The Santa Ana Watershed Project Authority is requesting the Firm to perform Professional Auditing Services and issue opinions on the SAWPA's financial statements. These audits are to be completed in accordance with all applicable and generally accepted auditing standards, including, but not limited to, the following:

- Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants (AICPA).
- US General Accounting Office's (GAO) Standard for Audit of Governmental Organizations, Programs, Activities, and Functions.
- Local Governments and Governmental Accounting Standards Board (GASB) Pronouncements.
- The standards applicable to financial audits contained in the most current version of the Generally Accepted *Government Auditing Standards* (Yellow Book), issued by the Comptroller General of the United States.
- The provisions of the Single Audit Act as amended in 1996.
- The provisions of the US Office of Management and Budget (OMB) Uniform Guidance (formerly known as Circular A-133), Audits of State and Local Governments and Non-profit Organizations, and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- The California State Controller's Minimum Audit Requirements for California Special Districts.

Scope of Work

The Firm will perform the following services:

- ✓ Financial Statement Audits and issuance of an opinion statement on the **Annual Comprehensive Financial Report** of the Santa Ana Watershed Authority. The audit will be conducted in accordance with Generally Accepted *Government Auditing Standards*. The report will be in full compliance with all current GASB pronouncements.

In addition, we will assist in meeting the requirements for the Government Finance Officers Association (GFOA) "**Certificate of Achievement for Excellence in Financial Reporting.**"

- ✓ If required, prepare a **Single Audit Report** which will include the following:
 - Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
 - Report on compliance with requirements applicable to each major program, internal control over compliance, and on the schedule of expenditures of federal awards in accordance with Uniform Guidance, "Audits of State and Local Governments," and the Single Audit Act of 1984 (Public Law 98-502).
 - Schedule of Expenditures of Federal Awards.
 - Notes to Schedule of Expenditures of Federal Awards.
 - Schedule of Findings and Questioned Costs.
 - Any other required schedules or reports.
 - Prepare the Data Collection Form for Reporting on Audits of States, Local Governments, and Non-Profit Organizations.
- ✓ Provide preparation of **GASB 68 annual pension and GASB 75** annual OPEB adjusting journal entries.
- ✓ Prepare a Report on **Internal Control Structure and Management Letter**.
- ✓ Completion of the **State Controller's Report** for the Agency.
- ✓ The Firm will be available to examine other reports or perform other services as required.

Optional Services: The Firm has included as a stand-alone component (option) the cost to do an annual audit of the **Lake Elsinore and San Jacinto Watersheds Authority** (LESJWA or Authority). This additional option shall be considered separately. All audit requirements and deliverables previously defined for the SAWPA audit would apply to the LESJWA audit as well in relation to the LESJWA Board.

Santa Ana Watershed Project Authority

Attendance at Meetings and Hearings: The engagement team will participate in as many meetings with staff as needed to perform the work scope tasks, present the audit plan prior to beginning fieldwork, and discuss the draft audit reports. The team will attend public meetings to present and discuss its findings and recommendations. Once all issues of discussion are resolved, the completed Annual Comprehensive Financial Report, Single Audit report (if applicable), and all other reports will be delivered to the SAWPA, according to the agreed-upon schedule.

The engagement team will be available to present to the Agency's Board of Commissioners the results of the Audit and address all findings and all adjustments.

Proposed Audit Adjustments: All proposed adjusting journal entries by the Firm will be discussed and explained in a timely manner with the designated Finance Department personnel. Such proposed adjustments will be in a format that shows the lowest level of posting detail needed for data entry in the general ledger systems.

Supplemental Reports, Audits, or Agreed-Upon Procedures: Other services, such as agreed-upon procedures, may be deemed necessary. These services will be performed at agreed-upon rates and will be added in a written agreement before commencing audit work. The Firm and the Santa Ana Watershed Project Authority will discuss and approve the scope and associated costs of these tasks.

Advice and Consultation: Will be provided throughout the year on matters relating to accounting and financial reporting. Such services do not include any task that entails significant research or a formal report.

GASB Implementation: The Firm will provide technical assistance and training in the implementation of applicable GASB pronouncements not yet in effect. We have a dedicated partner, Mr. Gary Caporicci, who will be responsible for providing advice and consultation for the implementation of these new standards. The Firm will advise the SAWPA on the applicability of accounting and reporting standards and other accounting issues and provide guidance on new note disclosures, GASB implementations, and other reporting requirements. We will also provide training, resources, and information on topics relevant to the SAWPA's financial reporting and operations. *(Based on the scope, additional charges may apply.)*

Report of all Irregularities and Illegal Acts: The Firm will make an immediate written report of all irregularities and illegal acts or indications of illegal actions of which we may become aware to:

- Marco Tule, Chair, Board of Commissioners
- Bruce Whitaker, Vice-Chair, Board of Commissions
- Jeff Mosher, General Manager
- Karen Williams, Deputy General Manager/ Chief Financial Officer

The engagement team will also make all communications to the SAWPA required by the audit standards under which the engagement is performed. Those communications include, but are not limited to:

- a) The auditor's responsibility under generally accepted auditing standards.
- b) Significant accounting policies.
- c) Management judgment and accounting estimates.
- d) Significant audit adjustments.
- e) Other information in documents containing audited financial statements.
- f) Disagreements with management.
- g) Management consultation with other accountants.
- h) Major issues discussed with management prior to retention.
- i) Difficulties encountered in performing the audit.

Working Paper Retention and Access to Working Papers: The Firm will retain, at its own expense, all working papers and reports for a minimum of three (3) years, unless the Santa Ana Watershed Project Authority notifies the Firm in writing of the need to extend the retention period. The Firm will make working papers available to the SAWPA and/or their designees.

Also, we will comply with reasonable requests from successor auditors and allow them to review working papers that relate to matters of continuing accounting significance.

Methodology and Segmentation of Engagement

The Firm’s audit approach consists of six phases: Engagement Acceptance and General Planning, Planning and Internal Control Evaluation, Fieldwork, Post Fieldwork, Report Preparation and Review, and Final Production.



Benefits <ul style="list-style-type: none"> Client tailored approach emphasizing careful planning, open communication, proper assignment of responsibilities An efficient and effective audit, so disruption to office operations is kept to a minimum Offer beneficial observations and recommendation about policies and procedures for accounting and operating controls Opportunities to make operations more efficient and reduce costs Provide advisory services so recommendations can be implemented Meet objectives at no additional cost

1. **Engagement Acceptance and General Planning:** The engagement partner and manager will meet with SAWPA’s management to obtain an update on current SAWPA policies and procedures, help identify risk areas and new operations, and establish any specific requirements they may have. Our team will work on the identification of unique transactions, implementation of new GASB pronouncements, and develop the audit work plan for the engagement. *Proposed Timeline: March - April.*
2. **Planning and Internal Control Evaluation:** The engagement team, including the engagement partner, will assess accounting policies adopted by the SAWPA in order to obtain an understanding of its structure and its operating environment. Also, our team will review internal controls on all significant transaction classes, perform walkthroughs and/or tests of internal controls, perform preliminary analytical procedures, develop initial risk assessment, evaluate Single Audit compliance, identify any audit issues, and prepare confirmation correspondence. The engagement team and SAWPA’s Management will establish expectations, including responsibilities and assignments for the year-end fieldwork, and will hold a progress status meeting at the end of the interim phase. *Proposed Timeline: May/June.*
3. **Fieldwork:** The engagement team, including the engagement partner, will conduct audit procedures on account balances in the general ledger, finish confirmation procedures, perform data analysis using our AI tools, search for unrecorded liabilities, perform substantial analytical review procedures, complete work on compliance with Federal Assistance, and conclude fieldwork. The engagement team and SAWPA’s Management will hold an exit conference at year-end. Periodic update meetings will be held to communicate audit progress to management. *Proposed Timeline: Mid-September/beginning of November.*
4. **Post Fieldwork:** During the phase, the engagement team, including the engagement partner, will review all documents and evaluate commitments and contingencies. The team will perform an assessment of the going concern and jointly plan for the next steps. *Proposed Timeline: Immediately upon completion of fieldwork.*
5. **Report Preparation and Review:** The Firm will review and prepare audit reports and perform quality control procedures following the Quality Control Standards issued by the AICPA. We will also examine reports for compliance with GFOA reporting guidelines at no additional cost. Any comments will be recorded in a letter to management. At the SAWPA’s request, the engagement partner and manager will present the audit to SAWPA’s Management and other governing bodies. *Proposed Timeline: Mid-November.*
6. **Final Production:** The final phase of our approach entails obtaining the management representation letter and final financial statement report, which may include a final presentation to the SAWPA’s Management and other governing bodies (if applicable). *Proposed Timeline: Last week of November. (State Controller’s Report by January of the following year; Single Audit by February of the following year.)*

The Firm will complete the audit fieldwork and issue all reports within the established timeframe, assuming no internal circumstances within the SAWPA causes delays in the audit.

Level of Staff and Number of Hours to be Assigned to Each Segment of the Engagement

The Pun Group LLP understands that the SAWPA is not only looking to employ our auditing services but is also seeking to receive value within that professional relationship. We believe that our value derives from the in-depth knowledge, experience, and commitment that our auditing firm employs. We stress and emphasize “employ” because all of the knowledge and expertise listed on paper will not benefit you unless it is applied. That is why we have developed a plan that we feel will accomplish the objectives of the SAWPA and your particular needs. Our Firm will utilize the information that you have shared with us and our experience from our previous audits of this nature from various government entities and cities to develop a practical plan for all major areas.

Estimated Total Hours*:

	Partner(s)	Manager(s)	Senior(s)	Staff	Clerical	Total
Engagement Acceptance & General Planning	1	2	4	6	0	12
Planning & Internal Control Evaluation	1	2	6	8	0	18
Fieldwork	5	12	30	42	2	91
Post Fieldwork	3	8	20	28	2	61
Report Preparation & Review	5	12	30	42	2	91
Final Production	2	4	10	14	1	30
Total*	16	40	100	140	8	304

*Does not include CPE hours related to Governmental Webinars and/or optional services.

Sample Size and the Extent to Which Statistical Sampling is to be Used in this Engagement

In our audit approach, random and statistical sampling is used in conjunction with our skilled judgment and knowledge of each situation. When designing an audit sample, our auditors consider the purpose of the audit procedure and the characteristics of the population from which the sample will be drawn. We determine a sample size sufficient to reduce sampling risk to an acceptably low level and select items for such a task in a way that we can reasonably expect it to be representative of the relevant sample and likely to provide the auditor with a reasonable basis for conclusions about the population.

Enhancing Auditing Quality with Artificial Intelligence

There are plenty of challenges with established audit practices. Outdated CAAT tools, sampling practices, and the explosive growth of big data are some of the examples, and they all present significant barriers to detecting anomalies, intentional or otherwise, in financial data. The Pun Group deploys a comprehensive, risk-based approach, complemented by using MindBridge™’s Artificial Intelligence Platform, to conduct our audit. Through this tool, we can seamlessly analyze thousands and thousands of financial and operating data and records, **identifying and cataloging significant risks in mere seconds.**



The *AI Auditor* platform works by our side, augmenting our capacity to detect errors or fraud in the collected data not only by analyzing the entire set but by cross-correlating dozens of testing criteria against pre-established data points, and presenting us with a view of every user, vendor, and transaction, by risk. All of this within moments of ingesting analyzed data, which is something standard audit procedures simply cannot accomplish.

We utilize these tools to allow our audit team to increase efficiency in the audit process, to enhance the existing quality of our work, to provide directed testing in areas subject to the highest risk, and to quickly assimilate large amounts of data your staff would typically be asked to gather. The tools also help us to meet our professional requirements regarding fraud and internal control, allowing us to:

- ✓ Run Benford’s analysis to check for fraud in transactions.
- ✓ Increase the value of audit findings with complete, 100% data coverage.
- ✓ Isolate risk and control issues before they impact your operations.
- ✓ Improve productivity by automating procedures and eliminating manual tasks.
- ✓ Conduct more direct, efficient, and effective audits to improve overall service quality.

Santa Ana Watershed Project Authority

Our engagement team easily imports data in a secure environment from the SAWPA's financial software and extracts useful data for testing and analytical procedures particular to the following areas:

- Successful Fraud Test
- Questionable Invoices
- Phantom Vendor Schemes
- Kickback or Conflict-of-Interest Schemes
- Dormant Account Schemes
- Money Laundering Schemes

Type and Extent of Analytical Procedures to be used in the Engagement

Analytical procedures are one of many financial audit processes that help an auditor understand the client's operation and changes in the environment and identify potential risk areas to plan other audit procedures. Such procedures include a comparison of financial information on prior periods, budget, forecast, and industry benchmark. We use trend and ratio analysis to identify any uncertain or unusual events. To perform these analyses, our Firm surveys cities and counties and develops benchmarks on specific vital financial indicators, such as the cost of services to tax revenues ratios, average general fund balance, capital assets, debt-to-capital, general fund unassigned fund balance to total general fund expenditures, etc. Our engagement members have extensive experience in successfully implanting analytical procedures to the SAWPA's benefit.

Our analytical procedures process is performed during three stages of audit: (a) at the start, (b) in the middle, and (c) at the end. These three stages are risk assessment procedures, substantive analytical procedures, and final analytical procedures:

- **Risk assessment procedures** are used to assist the auditor in understanding the business better and to plan the nature, timing, and extent of audit procedures.
- **Substantive analytical procedures** are used to obtain evidential matters about particular assertions related to the account balances or classes of transactions. During the interim phase, our engagement team will set up expectations for the year-to-date results and balances and compare them with budgeted and prior-year amounts. This process allows us to forecast year-end amounts, reducing the workload during the year-end phase and allowing us to focus on areas of concern.
- **Final analytical procedures** are used as an overall review of the financial information in the last review stage of the audit. The Engagement Partner(s) and Manager(s) will perform a high-level analytical analysis of the financial information, comparing its data both quantitatively and qualitatively to ensure the amounts are fairly presented in all material respect in the financial statements.

Approach to be Taken to Gain and Document an Understanding of the Internal Control Structure

Audit risk assessment is established by an internal control review, combined with the engagement team's understanding of the SAWPA's operations and accounting software. Using the Committee of Sponsoring Organizations (COSO) Framework, staff members will evaluate the SAWPA's processes and identify any control deficiencies. These diagnostic review procedures allow the engagement team to assess the SAWPA's systems and controls and to provide constructive feedback to management.

During our initial planning phase of the audit, our engagement team, including the engagement Partner and Manager, will obtain an understanding of the entity and its environment. It is an essential aspect of performing an audit under generally accepted auditing standards. That understanding establishes a frame of reference within which the auditor plans the procedures and exercises professional judgment about assessing risks of material misstatement of the financial statements and responding to those risks throughout the examination.

During the interim phase of the audit, our engagement team will perform a walkthrough of all significant accounting systems, including processes for financial reporting, revenue recognition and cash receipts, purchasing/contract management and cash disbursements, payroll and related liabilities, and others. Our auditors will obtain the written policies and procedures, inquiring accounting personnel, and document the process in either a flowchart or narrative summary format. After gaining an understanding of the accounting and internal control systems, our auditor will make a preliminary assessment of control risk, at the assertion level, for each material account balance or class of transactions.

The form and extent of this documentation are influenced by the size and complexity of the entity and the nature of its accounting and internal control systems. Generally, the more complex the entity's accounting and internal control systems and the more extensive the auditor's procedures, the broader our documentation will need to be.

Approach to be Taken in Determining Laws and Regulations that Will be Subject to Audit Test Work

The Firm stays continually up to date with audit requirements—including new regulations, compliance supplements, state guidelines, and related contracts—to ensure that we conduct audits under applicable laws and regulations. We test transactions for compliance with the Single Audit Act, California Government Code, GANN Appropriations Limit, provisions of applicable grant guidelines, requirements of local measures, and others.

For example, the Single Audit Act requires that we determine which grants to include in our audit and select transactions from those grants for detailed testing. While most items will be tested as part of the Interim phase, we cannot determine which grants will be selected for the Single Audit until the year-end/fieldwork stage of the audit.

Our compliance audits of cash, investments, debt covenants, and other areas will be performed following the California Government Code, which has many provisions and regulations covering investments.

Approach to be Taken in Drawing Audit Samples for Purposes of Tests of Compliance

To test compliance, we will follow the AICPA's Audit Sampling Considerations of Uniform Guidance Compliance Audits. We will select an appropriate sample size based on our professional judgment and knowledge. Any deviations from control and compliance requirements will be documented.

Audit Firm's Expectations of the Role and Participation of SAWPA's Staff in the Audit Process

The engagement team will meet with the SAWPA's management during the initial planning stage to discuss audit schedules and review prior year audit findings (if any). We will deliver a list of all documents to be provided by the SAWPA's staff. Once such materials are agreed upon by the engagement team and SAWPA's finance personnel, no other schedules will be requested unless new information comes to light in the course of test work.

Our goal is to cause the least amount of interruptions to the SAWPA's daily operations; therefore, to the extent possible, we will use information in the form available from the SAWPA's records.

We believe client/engagement team communication is vital to perform results satisfactorily. With that sentiment in mind, we will hold regular meetings with the SAWPA's management to determine the status of the audit as well as any items which will require special attention. **Open and frequent communication is critical.**

Objectives of Our Services

Our primary objective for the proposed audit is to examine the SAWPA's financial statements and express our opinion on their fairness of the presentation, following generally accepted accounting principles. Other objectives that will benefit the SAWPA include the following:

- To offer beneficial observations and recommendations about policies and procedures for accounting and operating controls
- To identify opportunities to make SAWPA operations more efficient and reduce costs
- To perform the audit efficiently and effectively; disruption to office operations is kept to a minimum
- To provide continuing advisory services so the SAWPA can implement recommendations
- To meet these objectives at no additional cost to the SAWPA

The Engagement Team will perform the audit abiding by the Firm's quality-control procedures, which include following standard audit programs, careful planning, using industry-standardized software for auditing and internal control documentation, and welcoming an objective review of audit work. In other words, our client-tailored approach emphasizes careful planning, open communication, and proper assignment of responsibilities.

The Firm will supply portable computers to the on-site staff members.

Identification Anticipated Potential Audit Problems

While we do not expect any problems with the audit, we will carefully investigate and monitor the following relevant accounting issues:

Investments:

- Compliance with GASB 31 and GASB 34
- Authorization and approval process for SAWPA investments
- Controls to assure SAWPA's compliance with investment limitations and types of specific investments
- Monitoring by the SAWPA of its investments

Financial Reporting:

- Compliance with current reporting and disclosure requirements issued by GASB
- Compliance with the various GASBs in effect
- Perform valuations of OPEB benefits to determine the liability for all benefits promised to active, retired, and inactive plan members as of each valuation date
- Compliance with Governmental Accounting Standards Board (GASB) Statements 74 and 75
- Compliance with infrastructure obligations and regulatory provisions

Internal Control Structure:

- SAWPA's internal control functions and compliance with proper internal control philosophies
- Computer-system processes and controls, and adequacy of the control environment

Special Audit Considerations for the Fiscal Years 2021/2022*

- Grant Issues (FEMA, CARES)
- In many cases, governments may not know until they submit for reimbursement how much money they will receive. In those cases, governments should not record revenue until they are awarded a specific amount
- Governments should not report expenditures on the SEFA until the grant is awarded
- CARES funding may be subject to single audit requirements
- Government programs allowing deferral of customer payments (deferral of TOT payments, utility payments, and other lease holidays to help the community)
- In governmental fund types, this may impact the government's ability to record revenue because of the "measurable" and "available" criteria
- In proprietary fund types, this may impact the allowance for doubtful accounts estimates
- Internal controls during COVID – audit impact on possible circumvention of internal controls for emergency purchases or when individuals were not available to sign/approve activities
- Investment losses and credit risk
- Pension and OPEB plans – the impact of investment losses
- Is there an increased risk of litigation?
- Audit response to analytical variances – Set expectations for decreases in sales tax, hotel tax, fee-based revenues such as recreation, library or other community-based services, passenger facility charges, building permits, layoffs/furloughs, expanded senior and low/income program costs
- Going concern evaluations
- Subsequent events footnote disclosures of COVID
- Intermediate changes in the internal controls as a result of a remote workforce

We cannot speculate at this time on the contents of the auditor's reports. However, we expect to be able to discuss the tentative content of the auditor's reports well in advance of the issuance of such reports.

**Not all examples may be applicable to the SAWPA.*

Cost Proposal

Certification

We are committed to the performance of a high-quality audit at the most reasonable fee level possible, both initially and throughout the engagement. Also, our partners will provide advice and consultation as needed at no additional cost to the Santa Ana Watershed Project Authority.

Name of Firm: The Pun Group LLP – Certified Public Accountants and Business Advisors
Contact Name: Kenneth H. Pun, CPA, CGMA
Contact Email Address: ken.pun@pungroup.com

Authorization to Represent the Firm

I, the undersigned, certify I am duly authorized to represent The Pun Group LLP and am empowered to submit this bid. In addition, I certify I am authorized to contract with the Santa Ana Watershed Project Authority on behalf of the Firm.

March 22, 2022

 Kenneth H. Pun, CPA, CGMA | Managing Partner
The Pun Group LLP

 Date

Total All-Inclusive Maximum Price

Our proposed fees ⁽¹⁾ for Professional Auditing Services for the fiscal years ending June 30, 2022, 2023, and 2024 with an option to extend for two ⁽²⁾ subsequent fiscal years, are as follows:

	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>FY2025-26</u>
Requested Services					
SAWPA Financial Audit	\$ 25,500	\$ 26,265	\$ 27,052	\$ 27,862	\$ 28,698
Single Audit (1 major program) - if needed	4,000	4,120	4,244	4,371	4,502
State Controller's Report	1,500	1,545	1,591	1,639	1,688
Total	\$ 31,000	\$ 31,930	\$ 32,887	\$ 33,872	\$ 34,889

(1) Single Audit fees for auditing a major program will be \$4,000 each. The number of programs determined to be "major" will be based on OMB Uniform Guidance. The Engagement Team will discuss with the Santa Ana Watershed Project Authority's Management before starting Single Audit work.

Santa Ana Watershed Project Authority

Rates by Partner, Specialist, Supervisory, and Staff

	Hours	Hourly Rates	Total
Partners	12	\$ 275	\$ 3,300
Managers	24	\$ 200	\$ 4,800
Supervisory Staff	80	\$ 150	\$ 12,000
Staff	100	\$ 125	\$ 12,500
Clerical:	6	\$ 75	\$ 450
Out-of-Pocket Expenses:	Included	Included	Included
Subtotal:			33,050
<i>Professional Discount:</i>			(2,050)
Total all-inclusive maximum price for FY 2022			\$ 31,000

	Hours	Hourly Rates	Total
Partners	12	\$ 283	\$ 3,399
Managers	40	\$ 206	\$ 8,240
Supervisory Staff	80	\$ 155	\$ 12,360
Staff	100	\$ 129	\$ 12,875
Clerical:	6	\$ 77	\$ 464
Out-of-Pocket Expenses:	Included	Included	Included
Subtotal:			37,338
<i>Professional Discount:</i>			(5,408)
Total all-inclusive maximum price for FY 2023			\$ 31,930

	Hours	Hourly Rates	Total
Partners	12	\$ 292	\$ 3,501
Managers	40	\$ 212	\$ 8,487
Supervisory Staff	80	\$ 159	\$ 12,731
Staff	100	\$ 133	\$ 13,261
Clerical:	6	\$ 80	\$ 477
Out-of-Pocket Expenses:	Included	Included	Included
Subtotal:			38,458
<i>Professional Discount:</i>			(5,571)
Total all-inclusive maximum price for FY 2024			\$ 32,887

	Hours	Hourly Rates	Total
Partners	12	\$ 300	\$ 3,606
Managers	40	\$ 219	\$ 8,742
Supervisory Staff	80	\$ 164	\$ 13,113
Staff	100	\$ 137	\$ 13,659
Clerical:	6	\$ 82	\$ 492
Out-of-Pocket Expenses:	Included	Included	Included
Subtotal:			39,611
<i>Exclusive Discount:</i>			(5,739)
Total all-inclusive maximum price for FY 2025			\$ 33,872

	Hours	Hourly Rates	Total
Partners	12	\$ 310	\$ 3,714
Managers	40	\$ 225	\$ 9,004
Supervisory Staff	80	\$ 169	\$ 13,506
Staff	100	\$ 141	\$ 14,069
Clerical:	6	\$ 84	\$ 506
Out-of-Pocket Expenses:	Included	Included	Included
Subtotal:			40,800
<i>Exclusive Discount:</i>			(5,911)
Total all-inclusive maximum price for FY 2026			\$ 34,889

Santa Ana Watershed Project Authority

Out of Pocket Expenses Included in the Total All-Inclusive Maximum Price and Reimbursement Rates

The Firm's policy is to maintain flexible billing rates to meet the needs of clients and help them control costs. In the interest of starting our long-term relationship, we will absorb expenses such as travel and printing costs. Additionally, our Partners will be available to provide advice and consultation as necessary to the Santa Ana Watershed Project Authority. The Firm will also absorb these costs.

Rates for Additional Professional Services

Below are the Firm's hourly billing rates, delineated by staffing levels:

Hourly Billing Rates	
Partner(s)	\$ 275
Manager(s)	\$ 200
Senior Accountant(s)	\$ 150
Staff Accountant(s)	\$ 125
Clerical	\$ 75

Any supplemental reports, audits, or agreed-upon procedures not covered by this proposal may be added in a written agreement prior to commencing audit work. The Firm and the SAWPA will discuss and approve the scope and associated costs of these tasks. Any additional work will be performed at the above-quoted hourly rates.

Manner of Payment

Engagement Team members are required to maintain timesheets detailing the date, number of hours, and work performed for every audit task. The Firm will collect these timesheets and bill the Santa Ana Watershed Project Authority, at the rates outlined in the Total All-Inclusive Maximum Price section, in four stages: (1) at the conclusion of the planning phase, (2) at the conclusion of the interim phase, (3) at the conclusion of the Year-End phase, (4) and after presentation and acceptance of the final audit reports. Interim billings will cover a period not less than a calendar month. The billing amounts generally break down as follows:

Work Performed	% of Proposal Amount
Planning	10%
Interim	40%
Fieldwork	40%
Presentation and Acceptance of Reports	10%

Optional Services

Lake Elsinore and San Jacinto Watersheds Authority (LESJWA) Total All-Inclusive Maximum Price

Our proposed fees for Professional Auditing Services for the fiscal years ending June 30, 2022, 2023, and 2024 with an option to extend for two (2) subsequent fiscal years, are as follows:

	<u>FY2021-22</u>	<u>FY2022-23</u>	<u>FY2023-24</u>	<u>FY2024-25</u>	<u>FY2025-26</u>
Requested Services					
LESJWA Financial Audit and Related Reports	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441
State Controller's Report	1,500	1,545	1,591	1,639	1,688
Total	<u>\$ 9,000</u>	<u>\$ 9,270</u>	<u>\$ 9,548</u>	<u>\$ 9,835</u>	<u>\$ 10,130</u>

External Quality Control Review Report

Peer Review

Being a member of the American Institute of Certified Public Accountants (AICPA), The Pun Group ^{LLP} is required to obtain an independent peer review of our audit and accounting practice every three (3) years. The peer reviewer assessed the Firm’s quality-control policies, reviewed administrative records, interviewed professional personnel, and inspected the Firm’s working papers and reports from a representative sample of accounting and auditing engagements, including governmental audits. The reviewer concluded that the Firm fully complied with the AICPA’s stringent standards for quality control and issued a peer review rating of “Pass.”

Our Firm’s Peer Review is currently underway. A copy of our most recent peer review is presented.



Insurance

If selected, the Firm will maintain the minimum insurance requirements during the entire execution of the agreement with the Santa Ana Watershed Project Authority. Within 15 days from the implementation of the contract, we will furnish the Santa Ana Watershed Project Authority with satisfactory evidence of the insurance requirements and proof that each carrier is required to give at least 30 days prior written notice of the cancellation of any policy during the entire period of the agreement. The Santa Ana Watershed Project Authority will be named as an additional named insured under the Firm's policies.

A sample of our current policy is presented.

		CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 3/1/2022		
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.						
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).						
PRODUCER Wood Gutmann & Bogart 15901 Red Hill Ave., Suite 100 Tustin CA 92780			CONTACT NAME: Sarah Caballero PHONE (A/C No, Ext): 714-624-8300 FAX (A/C No): 714-573-1770 E-MAIL Address: scaballero@wgblb.com			
INSURED The Pun Group, LLP 200 East Sandpointe Avenue, Suite 600 Santa Ana CA 92707			INSURER(S) AFFORDING COVERAGE NAIC # INSURER A : Great Divide Insurance Company INSURER B : Travelers Property Casualty 25674 INSURER C : Valley Forge Insurance Co. 20508 INSURER D : National Fire Ins Co. INSURER E : INSURER F :			
COVERAGES		CERTIFICATE NUMBER: 80570923		REVISION NUMBER:		
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.						
INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
C	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> \$0 deductible GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER	Y	7013134445	3/1/2022	3/1/2023	EACH OCCURRENCE \$2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$10,000 PERSONAL & ADV INJURY \$2,000,000 GENERAL AGGREGATE \$4,000,000 PRODUCTS - COMP/OP AGG \$4,000,000 \$
D	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		7013117845	3/1/2022	3/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED: RETENTION \$		7013136468	3/1/2022	3/1/2023	EACH OCCURRENCE \$1,000,000 AGGREGATE \$1,000,000 \$
D C	WORKERS COMPENSATION AND EMPLOYERS LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	7013134493 7013136289	3/1/2022 3/1/2022	3/1/2023 3/1/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER No Deductible E.L EACH ACCIDENT \$1,000,000 E.L DISEASE - EA EMPLOYEE \$1,000,000 E.L DISEASE - POLICY LIMIT \$1,000,000
A	E&O Retro 12/29/11		CAB20235902	3/1/2022	3/1/2023	3,000,000 agg 1,000,000
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Great Divide Insurance Company AM Best Rating A+ XV Certificate holder(s) is/are named as additional insured per attached endorsements subject to the terms & conditions of the policy: General Liability Additional Insured & Waiver of Subrogation # SB146932G General Liability Primary & Contributory #CNAS0103XX Umbrella Policy follows form for General Liability, Auto Liability and Employers Liability Auto Primary and Non-Contributory & Waiver of Subrogation #CA00011013 Auto Designated Insured #IL 02 70 07 20 See Attached...						
CERTIFICATE HOLDER			CANCELLATION			
PROOF OF INSURANCE			SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.			
			AUTHORIZED REPRESENTATIVE 			

Let's Get to Work!

Benefits of Choosing The Pun Group LLP

The Pun Group LLP is recognized for its professionalism, integrity, and providing clients with practical solutions unique to their circumstances and issues. Our Firm prides itself on being able to provide personalized client services, and with that sentiment in mind, we have carefully chosen our engagement teams. The Pun Group's primary objective is to give the Santa Ana Watershed Project Authority solutions and directions, led by highly experienced and capable partners who can successfully implement the work and produce the results you expect. This philosophy and mindset allow us to provide a superior level of service and a quality audit.

We trust that this proposal has given you the information needed about the Firm, the engagement team members, the overall audit approach, cost-saving measures, and audit fees. We are committed to exceeding your expectations, and we look forward to bringing our experience and expertise to the Santa Ana Watershed Project Authority and providing you with the excellent level of service that you expect and deserve.

Thank You

Thank you for allowing us to submit our qualifications to provide you with Professional Auditing Services. Please direct inquiries to:

Kenneth H. Pun, CPA, CGMA
Managing Partner
Email: ken.pun@pungroup.com
Phone: (949) 777-8801 | Fax: (949) 777-8850

Sincerely,

A handwritten signature in black ink that reads "The Pun Group, LLP". The signature is written in a cursive, flowing style.

The Pun Group LLP
Certified Public Accountants and Business Advisors

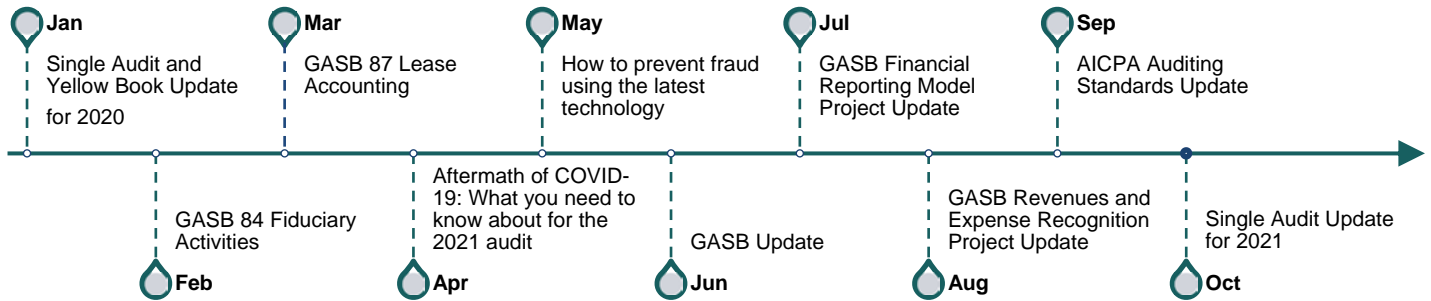
Appendix A – Available Training

Client Training Webinars

We pride ourselves in leading the governmental auditing profession nationwide and statewide. Members of our team have been assigned to the AICPA and State Government Accounting and Audit committees. Our membership with these two levels of government keeps us current, and such involvement helps our Firm with the constant changes in accounting and auditing standards, laws and regulations, and compliance provisions, which have created an unprecedented complexity in public accounting for state and local governments.

Every year, the Firm hosts a conference to update governmental clients on new technical accounting and financial issues. Since last year, by implementing “Webinars,” we’re expanding our horizons and offering our clients 15 hours of Continuing Professional Education (CPE). These sessions are **free of charge** and part of the service package provided to our clients.

Our 2021 *Virtual Governmental Accounting Webinars* schedule follows:



Our first Webinar of 2022 happened on February 2 @ 10 AM PST

***Pun Group and LeaseQuery:
An Introduction to GASB 87***

We will announce the next one soon!

*Additional topics and dates for the 2022 *Virtual Governmental Accounting Webinars* will be released in February 2022.

ORANGE COUNTY ■ SAN DIEGO ■ BAY AREA ■ LAS VEGAS ■ PHOENIX

www.pungroup.com



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

MARCH 22, 2022

SANTA ANA WATERSHED PROJECT AUTHORITY

TECHNICAL PROPOSAL
PROFESSIONAL AUDITING SERVICES
FOR THE FISCAL YEAR ENDING JUNE 30, 2022
(WITH THE OPTION OF TWO SUBSEQUENT FISCAL YEARS)

CONTACT PERSONS:
BRAD WELEBIR, CPA, CGMA, MBA
bwelebir@ramscpa.net

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smanno@ramscpa.net

909.889.0871

PREPARED BY
ROGERS ANDERSON MALODY & SCOTT, LLP
735 E Carnegie Drive, Suite 100
San Bernardino, CA 92408

LICENSE #2596
FEIN 95-2662063

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

March 22, 2022

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Board of Commissioners
Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503

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Leena Shanbhag, CPA, MST, CGMA
Bradford A. Welebir, CPA, MBA, CGMA
Jenny W. Liu, CPA, MST
Brenda L. Odle, CPA, MST (Partner Emeritus)

MANAGERS / STAFF

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Brianna Schultz, CPA, CGMA
Seong-Hyea Lee, CPA, MBA
Evelyn Morentin-Barcena, CPA
Veronica Hernandez, CPA
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Julia Rodriguez Fuentes, CPA, MSA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

*Employee Benefit Plan
Audit Quality Center*

California Society of
Certified Public Accountants



We are pleased to respond, on behalf of Rogers, Anderson, Malody & Scott, LLP, (RAMS) to your request for a proposal regarding professional auditing services. As a recognized industry leader and innovator, our goal for the past 74 years has been to provide honest, objective and high-quality results to all our clients, including governmental organizations such as yours. Our success in these efforts is witnessed by the continued organic growth of our firm and our list of long-term clients, some we have served for over 20 years.

At RAMS, we are committed to achieving the highest quality audit possible. We understand the complexity of performing governmental audits and that is why we have a *dedicated team of auditors* that possess the specialized knowledge and experience to help ensure our audits are planned and executed in a way that maximizes audit efficiency and effectiveness and provides you the highest quality services.

We are aware that the Santa Ana Watershed Project Authority (the Authority) will be reviewing other proposals during this process, but we believe that RAMS would be an exceptional choice for the audit for the following reasons. Our firm:

- Utilizes *Teammate Analytics*, a suite of more than 200 Computer Aided Audit Tools (CAATs). This software empowers our audit teams with the ability to perform powerful, meaningful data analysis which builds upon our other robust, substantive audit procedures. This value-added service also helps to identify specific transactions or amounts which may be indicative of fraud.
- Performs an intelligent, risk-based audit (using our CAAT) which enables us to focus on key audit areas allowing us to become more efficient resulting in a higher quality audit at a reasonable fee.
- Currently provides auditing services to over 70 governmental agencies and not-for-profit organizations, including over 30 cities, most of which have enterprise activities and over 35 special districts.
- Developed a comprehensive remote working environment for our audits. All our staff currently have the tools for working remotely in an effective and efficient manner allowing us to still provide a quality audit. Our ultimate goal is to continue to meet your needs, but in a safe environment.
- Has an established reputation in the governmental and not-for-profit accounting and auditing community for providing excellent, timely service with high quality reporting to our clients.
- Is committed to helping you meet all reporting/auditing deadlines, resolving any issues encountered during your audit (e.g., accounting or auditing, new pronouncements, etc.), and providing you with quality audit services.

- Understands the audit process can be a stressful experience for you and your staff; we understand that you will have other commitments and your regular workloads during the audit. We make every effort to ensure the audit process, from the interim fieldwork to the preparation of any required financial reports, will be as trouble-free as possible for you and your staff. We accomplish this by comprehensively planning the audit and utilizing our staff and audit technologies in the most efficient and effective manner while keeping disruptions and miscommunications to a minimum.
- Has audit team members that are personable and easy to work with, yet still focused on the audit. Through open and responsive communication with all parties involved in the audit process, we work to have the most efficient audit possible by minimizing operational distractions of your staff, while maximizing quality service.
- Has an extensive internal quality control review process to ensure your financial reports meet the highest standards. In addition to the preparation of financial reports by the engagement team and reviewed by the engagement manager, *each report is also examined by 2 partners and at least 1 professional proofreader.*
- Has assisted many of our clients with the preparation of their Annual Comprehensive Financial Reports, and all our clients that have submitted their reports for the Government Finance Officers Association (GFOA) or California Society of Municipal Finance Officers (CSMFO) awards have received the awards. Our participation as a GFOA reviewer also indirectly benefits our clients in the quality review process.
- Believes that our fee estimate provides a fair and reasonable investment, commensurate with level of service provided and the experience of the audit team members. While we may not be the lowest bidder, that is not our objective. We focus on delivering the best value and price our prospective engagements accordingly.
- Is a local Southern California firm. All our employees live, work, and shop in the region, allowing our local cities to benefit from our sales and property taxes.

As you will see from our proposal, it was prepared in a clear, concise and simple manner in accordance with the request for proposal. We feel our firm, staff and reputation as a leader in governmental auditing exceeds the need for the excess information you may see in other proposals.

Rogers, Anderson, Malody & Scott, LLP is properly licensed to practice in California, including all the assigned professional staff to the engagement. Mr. Welebir, Partner, and Mr. Manno, Partner, are authorized to represent the firm, are empowered to submit the bid and authorized to sign a contract with the Authority. We understand the work to be done as listed in the section of this proposal titled *Services to be provided*. In addition, we will be committed to meeting any agreed upon time frames.

We can be reached at: 735 E. Carnegie Drive, Suite 100, San Bernardino, CA 92408, (909) 889-0871, bwelebir@ramscpa.net or smanno@ramscpa.net.

Thank you for the opportunity to present our proposal to the Authority. We will be committed to exceeding your expectations of an auditor and believe this proposal provides you with information about our firm, the service team members and our customized audit approach. We look forward to having a long and mutually beneficial relationship with the Authority. Please feel free to contact us if you have any questions regarding this proposal.

Respectfully yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP



Brad Welebir, CPA, CGMA, MBA
Partner

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Independence

Rogers, Anderson, Malody & Scott, LLP is independent of the Authority and any component units, as defined by general standard number two of the generally accepted auditing standards, and by the second general standard for government auditing in the U.S. Government Accountability Office's *Government Auditing Standards*.

License to practice in California

Rogers, Anderson, Malody & Scott, LLP is licensed to practice in the State of California. Our key professional staff, which includes the partners, managers, and supervisors, are all certified public accountants licensed to practice in the State of California and follow all applicable Board of Accountancy standards.

Firm qualifications and experience

About our firm

We are a local firm founded in 1948 and located at 735 E. Carnegie Drive, Suite 100, San Bernardino, California. We provide a full range of services as expected of a full-service accounting firm. We are one of the oldest, most trusted and respected CPA firms in Southern California, with over 74 years of public practice experience, specializing in governmental agency and not-for-profit organization auditing, accounting, and management advisory services. Over *sixteen thousand hours per year* are devoted to this area of our practice, which includes cities, redevelopment successor agencies, water districts, other special districts, not-for-profit corporations, and joint power authorities. We do not use our government accounting and auditing practice as "fill work" for the firm, it is one of our primary focuses thus allowing us to provide quality services to local governments.



We understand your desire to engage auditors that have a thorough understanding of the ever-changing complex accounting and compliance issues confronting governments today. Our firm has an extensive history of governmental accounting and auditing. During that time, we have gained valuable experience, acquired an in-depth knowledge of, and obtained the technical expertise needed to perform high quality governmental audits. This expertise has enabled us to provide exceptional, high-quality service and to provide solutions at fees we feel represent our value to our clients. In addition, we use our participation in various industry associations to continuously update our knowledge with respect to issues relating to governmental accounting, auditing, and operations. Any insight we gain is immediately passed on to our clients if we feel they will benefit from it.

Our firm has a total staff of thirty-nine people, which includes fifteen certified public accountants. The staff consists of five partners, three managers, ten supervisors/senior accountants, sixteen staff accountants, and five support staff. The audit staff consists of twenty-one members who devote over 80% of their time to municipal engagements. The engagement team assigned to the Authority's engagement will consist of the following full-time staff: one audit partner, one audit manager, one audit supervisor/senior, and two staff auditors. All personnel are out of our San Bernardino office.

Equal Opportunity Employer

Our firm is an equal opportunity employer and is committed to providing employment opportunities to all qualified persons regardless of race, color, sex, religion, national origin or handicap. Our staff represents a wide range of cultures and ethnic backgrounds. We provide opportunities for advancement for all staff based on ability, skill and desire to advance.



SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience (continued)

Governmental Audit Quality Center

As a member of the American Institute of CPAs *Governmental Audit Quality Center* (Center), we are committed to adhering to the highest quality standards by voluntarily agreeing to the Center membership requirements, which include designating a partner responsible for the quality of our governmental audit practice, establishing quality control programs, performing annual internal inspection procedures, and making our peer review report findings publicly available. At RAMS, our goal is to continue to enhance our quality initiatives within our governmental audit practice to deliver the highest quality audit services possible.

In addition, the *Governmental Audit Quality Center* provides access to comprehensive resources that will assist us in further enhancing the quality of your audit. The Center membership provides us with timely information on a variety of technical, legislative, and regulatory subjects that we can in turn apply to your audit to help ensure compliance with the appropriate standards and changes in regulations which we pass on to our clients.

Single audit experience

Most of our municipal clients, and some of our other governmental and not-for-profit clients, have been subject to an audit in accordance with *Uniform Guidance*. We recently performed single audits for the following entities:

Elsinore Valley Muni. Water District	City of San Bernardino
City of El Cajon	City of La Mesa
City of San Marcos	City of West Covina
City of Poway	City of Twentynine Palms
City of Fillmore	City of Woodlake
City of Exeter	City of Rosemead
City of La Verne	City of Hawthorne

Our specialized Single Audits Team is led by Managers and Supervisors with Intermediate and Advanced Single Audit Certifications issued by the AICPA guaranteeing a successful and thorough engagement.

ACFR preparation

We have extensive experience in the preparation of Annual Comprehensive Financial Reports (ACFR). For the fiscal years ended June 30, 2019 and 2020, our staff prepared over 20 ACFR's, with each entity receiving the Certificate of Achievement for Excellence in Financial Reporting from the GFOA. For the fiscal year ended June 30, 2021, again, our staff prepared 29 ACFR's for our clients for submittal to the GFOA. In addition, we have helped many cities and special districts develop their first year's report for submittal. Two of our audit partners and four of our supervisory staff are technical reviewers for the GFOA award program. **In addition, we review all the ACFR's for compliance with the GFOA certificate program checklist, as well as addressing any prior year comments, if applicable, to insure they have been addressed.**

Engagement quality control

We have an extensive internal quality control review process to ensure your audit meets the highest standards. In addition to the preparation of financial reports by a senior member of the engagement team, each report is reviewed by the engagement manager/supervisor and then is examined by the engagement partner. Subsequently, a technical review is then performed by the engagement Quality Control partner along with being proofread by at least one professional staff. In addition, all audit workpapers are reviewed by the in-charge auditor and the partner in-charge of the engagement.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Firm qualifications and experience (continued)

External quality control review

As a member of the AICPA Private Companies Practice Section, our firm has participated in the "Peer Review" program since 1993 and has been examined every three years since that date by an outside, independent firm of certified public accountants. Participation in this program ensures that our engagements, firm policies, and audit procedures meet the standards of the AICPA, the Yellow Book, and the California State Board of Accountancy. Throughout our participation in this program, *the firm has only received pass ratings from the peer reviewers.*

During each review, an independent firm reviews our policies and procedures and then inspects a representative sample of engagement workpapers and reports, including governmental entities and engagements subject to the *Uniform Guidance*. For the year ended November 30, 2020, our firm received a rating of *pass* which indicates our auditing practice is suitably designed and complied with to provide reasonable assurance of performing and reporting in conformity with applicable standards. The results provide confirmation that the custom audit approach and procedures we use are technically sound and in compliance with applicable standards.

Disciplinary action

The firm **has never** had any disciplinary action taken or pending against it with state regulatory bodies or professional organizations, nor has it ever had any pending or settled litigation, civil or criminal investigations. In addition, we are not aware of any federal or state desk reviews or field reviews of its audits during the last three years.

Our firm does not have a record of substandard work.

In addition to the external quality control review, our firm performs in-house monitoring procedures, which mirror the outside peer review procedures, over our audit and attest engagements annually.

Grant Bennett Associates

A PROFESSIONAL CORPORATION

Report on the Firm's System of Quality Control

June 4, 2021

To the Partners of Rogers, Anderson, Malody & Scott, LLP, and the Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP (the firm) in effect for the year ended November 30, 2020. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act, and an audit of an employee benefit plan.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Rogers, Anderson, Malody & Scott, LLP in effect for the year ended November 30, 2020, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Rogers, Anderson, Malody & Scott, LLP has received a peer review rating of *pass*.

Grant Bennett Associates

GRANT BENNETT ASSOCIATES
A PROFESSIONAL CORPORATION
Certified Public Accountants



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Rancho Cordova, CA 95670
916/922-5109 FAX 916/641-5200

Princeville, HI 96722
888/769-7323

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience

The quality of service you receive is dependent on the capabilities of the individuals assigned to the engagement, and the manner in which those personnel resources are organized to efficiently focus their abilities on providing you with the requested audit services. These professionals are highly trained and knowledgeable and have a thorough understanding of the environment in which governmental and not-for-profit entities operate. This experience is a critical component in providing the City with an effective and efficient audit.

Our engagement team will provide significant experience coupled with an extensive, practical understanding of governmental accounting and auditing along with a broad business perspective. Each member will have access to a wide range of technical resources and knowledge bases which will enable them to provide the Authority with practical observations and effective solutions.

Partner and supervisory staff involvement

All partners and supervisory staff are working professionals and are actively and continually involved in all aspects of their engagements. We believe that partner and supervisory staff involvement in all areas of the audit is a key aspect of the overall audit process. This involvement includes being on-site for interim and year-end fieldwork, thus facilitating a proper, efficient, and effective audit, with minimal disruption of your staff. In addition, the time spent on-site by the partners and supervisory staff ensures they gain an understanding of the entire Authority's accounting processes and procedures. This understanding will enable them to evaluate and develop opportunities for efficiency, as well as offer practical and functional advice for improving your accounting processes and procedures.

All professionals on this engagement have worked on audits similar in nature to the Authority's, therefore, the Authority will not have to train our engagement team.

Staff continuity

Continuity of audit staff is a principal concern with our firm. In order to retain our staff, we offer extremely competitive wages, opportunities for advancement, generous medical packages, a retirement plan, bonus opportunities, as well as educational benefits. Even with the benefits we provide, we realize we may lose staff at any given time. Knowing this, we plan to provide staff continuity from year to year, which is in the best interest of the Authority and our firm. Continuity ensures an orderly, efficient, and less disruptive audit experience. Since we cannot guarantee staff will remain with us, principal supervisory and management staff, including engagement partners, managers, other supervisory staff, and specialists, may be changed if those personnel leave the firm or are promoted. **However, the Authority reserves the right to accept or reject replacements.**

We believe that due to the significant involvement of the partners on all our engagements, any staff transition would have a minimal effect on the audit efficiency and effectiveness of subsequent years.

Continuing professional education

Our team of auditor specialists stays current in this highly technical practice area by adhering to, and typically exceeding, the continuing professional education requirements of *Government Auditing Standards* as well as the State Board of Accountancy guidelines. All professionals at our firm participate in continuing professional education (CPE) programs, which are sponsored by various organizations including the Government Finance Officers Association, the American Institute of Certified Public Accountants, the California State Society of Certified Public Accountants, the California Society of Municipal Finance Officers and the Association of Government Accountants. Participation in these programs helps us to ensure that our clients are serviced with the best trained and most proficient government auditors and accountants available. In addition, we periodically provide in-house training taught by our partners and senior level staff using published resources.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)

All staff are required to attend fraud and ethics training. It is our goal to provide our professional staff continuing education which exceeds the minimum standard of 80 hours over two years.

In accordance with our firm's Quality Control document and *Government Auditing Standards (GAS)*, all staff members who work on audits subject to GAS are required to complete CPE in accordance with GAS standards which require 24 hours directly related to governmental accounting and auditing.

In addition to the required CPE, we also use the following to increase our technical knowledge: view the Governmental Audit Quality Center Annual Webcast Update and other relevant seminars and review monthly publications from the AICPA, the GFOA, and various other resources. We also attend conferences and seminars sponsored by the GFOA, California Society of Municipal Finance Officers, California State Society of Certified Public Accountants and the California Special Districts Association.

Assigned personnel

It is our goal to provide you with capable, competent, and personable individuals who offer an extensive background, not only in governmental accounting and auditing, but also in general business practices. By doing so, it allows us to offer practical solutions, as well as provide technical support. This enables you to stay at the forefront of governmental accounting and provides you with the support you need in dealing with the complex issues confronting entities such as yours.

In addition, our engagement team has the managerial and supervisory experience to provide the Authority with a comprehensive audit of the highest quality, while still focusing on personal service. The resumes of the key engagement personnel assigned to the audit are presented below. The following individuals will be assigned to the engagement for the entire contract period (see staff *Continuity section* of this proposal):

Brad A. Welebir, CPA, CGMA, MBA - Partner, Engagement Partner

Brad is a municipal audit partner with the firm and will be the engagement partner. He is licensed to practice as a certified public accountant in the State of California. He has been in public accounting for over 18 years specializing in serving local governments such as yours. As the engagement partner, he will be responsible for overall engagement quality, as well as ensuring that the engagement is performed in the most effective and efficient manner. Brad will directly oversee all engagement staff while assisting in planning and performing the engagement, as well as reviewing all work-papers prepared during the engagement, in addition to all required reports. Brad is a working partner and will be actively and continually involved in all aspects of the engagement.

Scott W. Manno, CPA, CGMA - Partner, Concurring Partner

Scott is also a municipal audit partner with the firm. He is licensed to practice as a certified public accountant in the State of California. Scott has over 25 years of public accounting experience and has provided accounting, auditing, and consulting services for municipalities, special districts, water agencies, and various not-for-profit organizations. As the concurring partner, Scott will work directly with Brad in planning and performing the engagement. In addition, he will provide technical consultation for the engagement team.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)

Gardenya Duran, CPA, CGMA - Engagement Manager

Gardenya is a manager with the firm and is licensed to practice as a certified public accountant in the State of California. Gardenya has over 11 years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As the engagement manager, she will work directly with the audit in-charge and partner, while supervising the engagement team during all phases of the engagement. In conjunction with the audit in-charge, she will also oversee the preparation of any required reports.

Veronica Hernandez, CPA - Audit Supervisor

Veronica is a supervisor with the firm. She is licensed to practice as a certified public accountant in the State of California. Veronica has over 6 years' experience in providing accounting and auditing services for municipalities, special districts and various not-for-profit organizations. As an audit supervisor, Veronica will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all work-papers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports.

Staff level accountants

All staff accountants employed by us and working on governmental audits are qualified to perform such audits. Prior to "audit season", our staff are subject to a rigorous training regimen in which we go over all aspects of our audit process and audit programs ensuring staff members have a solid foundation prior to starting fieldwork. Each staff member is encouraged to take on increased responsibility for engagements previously worked on. This enables our staff to grow on each engagement and allows them to continue to gain the skills and knowledge required to perform the audits.

In summary, we want to emphasize the credentials of the above professionals who will be directly responsible for the quality of service that you will receive. Additionally, our audit team has another attribute that is very important, even though it is intangible -- the professionals assigned to the audits have previously worked together as a multi-disciplined team, thus ensuring a smooth, efficient, and effective audit. We are committed to allocating the necessary resources to ensure that we provide continuity of personnel throughout the term of our relationship with the Authority.

Full engagement team resumes are provided as follows.

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)

Engagement team resumes



Brad A. Welebir, CPA, CGMA, MBA
Engagement Partner

Professional experience

Mr. Welebir joined Rogers, Anderson, Malody & Scott, LLP in 2004. He primarily provides audits and advisory services to governmental agencies, small to mid-sized businesses, and not-for-profit organizations. Mr. Welebir serves as a technical reviewer for the GFOA ACFR Award program. He also serves as the CalCPA Inland Empire chapter chair of the governmental accounting and auditing committee and as the representative for the chapter at the state committee.

Education/licenses

Master of Business Administration, Accounting Emphasis – California State University, Fullerton
 Bachelor of Arts in Business Administration – La Sierra University
 Certified Public Accountant – State of California
 Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Riverside County Parks and Open Space District	Mission Springs Water District	Crestline Village Water District	March Joint Powers Authority
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Rubidoux Community Services District
Crestline-Lake Arrowhead Water Agency	San Bernardino Valley Municipal Water District	Elsinore Valley Municipal Water District	Idyllwild Water District
			Mojave Water Agency

Continuing professional education

Mr. Welebir has completed over 120 hours of continuing professional education courses in the past three years of which the following select courses are relevant to this engagement:

- ◆ Governmental Accounting and Auditing Update
- ◆ Single Audit Update
- ◆ Auditing Fraud Risk in the Current Environment
- ◆ Annual Conference Sessions
- ◆ GAAP Update

Professional affiliations

Mr. Welebir is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)
- ◆ California Special Districts Association (CSDA)



SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)

Scott W. Manno, CPA, CGMA
Concurring Partner



Professional experience

Mr. Manno began his career with Thomas, Bigbie and Smith in 1995 after serving in the United States Army. He spent six years with the firm primarily working on audits of municipalities, special districts and redevelopment agencies as well as various not-for-profit organizations. He joined Rogers, Anderson, Malody & Scott, LLP in July 2001. Currently, Mr. Manno serves as a technical reviewer for the GFOA ACFR Award program. Since 2010, Mr. Manno has been serving as a technical volunteer on the California Special Districts Association Audit Committee and is also on the Association’s fiscal committee providing accounting and fiscal program guidance. Also, Mr. Manno has done presentations on fraud.

In addition, he is part of the California State Society of Certified Public Accountants Governmental Accounting and Auditing Committee which meets periodically to discuss current events, pronouncements, etc.

Education/licenses

Bachelor of Science, Business Administration – California State University, San Bernardino
 Certified Public Accountant – State of California
 Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Western Municipal Water District	East Valley Water District	Crestline Village Water District	Pine Cove Water District
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Triunfo Water and Sanitation District
West Basin Water District	Helix Water District	Mojave Water Agency	Idyllwild Water District
Chino Basin Desalter Authority	Running Springs Water District	Ventura Regional Sanitary District	Rubidoux Community Services District

Mr. Manno has completed over 170 hours of continuing professional education courses over the past three years of which the following select courses are relevant to this engagement:

- ◆ Audits of State and Local Governments
- ◆ Government Accounting and Auditing Update
- ◆ OMB Supplement Addendum and Latest Covid-19

Professional affiliations

Mr. Manno is a member of the following organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Association of Government Accountants (AGA)
- ◆ Association of Certified Fraud Examiners (ACFE)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Special Districts Association (CSDA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)



Terry P. Shea, CPA
Quality Control Partner

Professional experience

Mr. Shea began his career with Thomas, Byrne and Smith in 1981. He spent five years with the firm primarily working on audits of municipalities, special districts, redevelopment and other governmental agencies. He joined Rogers, Anderson, Malody & Scott, LLP in 1987 where he has completed governmental audits including municipalities and provided financial consulting services for various cities.

Education/licenses

Bachelor of Arts – California State University, Fullerton
 Certified Public Accountant – State of California

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Twentynine Palms Water District	East Valley Water District	Crestline Village Water District	Pine Cove Water District
Beaumont Cherry Valley Water District	Upper San Gabriel Muni. Water District	Big Bear Area Regional Wastewater Agency	Triunfo Water and Sanitation District
West Valley Water District	Helix Water District	Vista Irrigation District	Idyllwild Water District
Crestline-Lake Arrowhead Water Agency	Running Springs Water District	Ventura Regional Sanitary District	Rubidoux Community Services District

Mr. Shea served as the Interim Finance Director for the City of Perris from July 1998 to October 2001. He currently serves as the Contract Finance Director for one Riverside County city and one Los Angeles County city.

Continuing professional education

Mr. Shea has completed over 120 hours of continuing professional education courses in the past three years, of which, the following select courses are relevant to this engagement:

- ◆ Foundations in Governmental Accounting
- ◆ Governmental and Not-for-Profit Conference
- ◆ Governmental Auditing Skills
- ◆ Audits of State and Local Governments

Professional affiliations

Mr. Shea is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CaICPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)



Gardenya Duran, CPA, CGMA
Audit Manager

Professional experience

Mrs. Duran joined Rogers, Anderson, Malody & Scott, LLP in June 2010. She works primarily on audits of governmental agencies, small to mid-sized businesses, and nonprofit organizations. Currently, Mrs. Duran serves as a technical reviewer for the GFOA ACFR Award program. Prior to joining our firm, she was an Information Systems Technician in the U.S. Navy for nine years.

Education/licenses

Bachelor of Science – California State University, San Bernardino
 Certified Public Accountant – State of California
 Chartered Global Management Accountant – American Institute of Certified Public Accountants

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Chino Basin Desalter Authority	Mission Springs Water District	San Bernardino Valley Municipal Water District	Ventura Regional Sanitation District
Triunfo Water and Sanitation District	United Water Conservation District	Upper San Gabriel Valley Municipal Water District	West Basin Municipal Water District
West Valley Water District	City of San Marcos*	City of Redondo Beach*	City of West Covina*
City of La Mesa	City of Thousand Oaks*	City of Claremont*	City of Hawthorne*

Continuing professional education

Mrs. Duran has completed 120 hours of continuing professional education courses in the past three years of which the following select courses are relevant to this engagement:

- ◆ Thomson Reuters, *Audits of State and Local Governments*
- ◆ American Institute of Certified Public Accountants, *Foundations in Governmental Accounting*
- ◆ California Society of CPAs Education Foundation, *Governmental Accounting and Auditing Update*
- ◆ American Institute of Certified Public Accountants, *Applying A-133 to Nonprofit and Governmental Organizations*

Professional affiliations

Mrs. Duran is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ Government Finance Officers Association (GFOA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Partner, supervisory, and staff qualifications and experience (continued)



Veronica Hernandez, CPA
Audit Supervisor

Professional Experience

Ms. Hernandez is an Audit Supervisor with the firm. She has over 6 years' experience in providing accounting and auditing services for municipalities, special districts and various nonprofit organizations. As an audit supervisor, she will work closely with the engagement partner and manager and be responsible for planning the audit, supervising the staff assigned to the engagement, and performing reviews of all workpapers prepared for the engagement. In addition, she will also be responsible for the preparation of any required reports. Currently, Veronica serves as a technical reviewer for the GFOA ACFR Award Program.

Education

Bachelor of Science – California State University, San Bernardino
 Certified Public Accountant – State of California

Related professional experience

Partial listing of relevant governmental agencies served (*includes enterprise fund accounting):

Beaumont-Cherry Valley Water District	Big Bear Area Regional Wastewater Agency	Elsinore Valley Municipal Water District	Rubidoux Community Services District
Sativa Los Angeles County Water District	United Water Conservation District	Capistrano Bay Comm. Services District	Valley Water Company
City of Hawthorne*	City of Fillmore*	City of Beaumont*	City of Poway*
City of San Marcos*	City of Moreno Valley*	City of Redondo Beach*	City of Fillmore*

Continuing Professional Education

Ms. Hernandez has completed over 100 hours of continuing professional education courses over the past two years of which the following select courses are relevant to this engagement:

- ◆ Fiduciary Activities
- ◆ For the love of Leases
- ◆ GASB Updates
- ◆ Lease Trilogy
- ◆ Pandemic-Related Single Audit Issues and Other Single Audit Updates

Professional affiliations

Ms. Hernandez is a member of the following professional organizations:

- ◆ American Institute of Certified Public Accountants (AICPA)
- ◆ California Society of Certified Public Accountants (CalCPA)
- ◆ California Society of Municipal Finance Officers (CSMFO)

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Similar engagements with other governmental entities

Entity: *Elsinore Valley Municipal Water District*
Scope of work: Financial Audit/ACFR*
Date: Year ending June 30, 2015 - present
Engagement partner: Mr. Scott Manno/Mr. Brad Welebir
Total hours: 350
Contact person: Mr. Robert Hartwig, Asst General Manager Admin Services, (951) 674-3146, rhartwig@evmwd.net
Address: 31315 Chaney Street, Lake Elsinore, CA 92531

Entity: *San Bernardino Valley Municipal Water District*
Scope of work: Financial Audit
Date: Years ending June 30, 2004 - present
Engagement partner: Mr. Terry Shea/Mr. Brad Welebir
Total hours: 225
Contact person: Mrs. Cindy Saks, Finance Manager, (909) 387-9224, cindys@sbvmwd.com
Address: 380 E. Vanderbilt Way, San Bernardino, CA 92408

Entity: *Big Bear Area Regional Wastewater Agency*
Scope of work: Financial Audit/ACFR*
Date: Years ending June 30, 2012 - present
Engagement partner: Mr. Scott Manno/Mr. Brad Welebir
Total hours: 200
Contact person: Ms. Jennifer McCullar, Finance Manager, (909) 584-4522, jmccullar@bbarwa.org
Address: 121 Palomino Drive, Big Bear, CA 92314

Entity: *Mojave Water Agency*
Scope of work: Financial Audit/ACFR*
Date: Years ending June 30, 2018 - present
Engagement partner: Mr. Brad Welebir
Total hours: 300
Contact person: Ms. Kathy Cortner, General Manager (760) 946-7002, kcortner@mojavewater.org
Address: 13846 Conference Center Drive, Apple Valley, CA 92307

Entity: *Rubidoux Community Services District*
Scope of work: Financial Audit
Date: Years ending June 30, 2016 - present
Engagement partner: Mr. Scott Manno
Total hours: 200
Contact person: Mr. Brian Laddusaw, Director of Finance, (951) 684-7580, bladdusaw@rcsd.org.org
Address: 3590 Rubidoux Blvd. Jurupa Valley, CA 92509

* = received GFOA award.

See Attachment A for a listing of current and recent government clients served.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach

Services to be provided

The Authority desires the auditor to express an opinion(s) on the fair presentation of the financial statements for the following: the Authority in accordance with generally accepted accounting principles.

In addition, we shall:

- Prepare the Annual Comprehensive Financial Report.
- Apply certain limited procedures related to Management's Discussion and Analysis and Required Supplementary Information and provide an "in-relation-to" report on the combining and individual fund financial statements and supporting schedules, if applicable.
- Provide opinions as to the compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance). RAMS is to provide an "in-relation-to" report on the Schedule of Expenditures of Federal Awards based on the auditing procedures applied during the audit of the financial statements.
- Prepare the Annual Financial Transaction Report (currently we utilize a sub-contractor for this), if requested.

Our audit(s) will be in accordance with:

- Generally Accepted Auditing Standards as promulgated by the American Institute of Certified Public Accountants, including requirements found in the most recent AICPA audit guide *Audits of State and Local Governments*.
- *Government Auditing Standards* issued by the Comptroller of the United States of America.
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (OMB Uniform Guidance).
- Any other applicable standards for other items outlined in the Scope of Work to be performed and/or reports to be issued.

Reports to be issued:

- A report on the fair presentation of the financial statements in conformity with GAAP.
- A report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* (material weaknesses or significant deficiencies).
- A report in compliance with requirements applicable to each major federal program and internal control over compliance in accordance with the *Uniform Guidance*.
- Prepare Management Letter that includes significant and less significant (i.e., reportable and non-reportable) recommendations for improvements to internal control.
- We will issue reports to those charged with governance (SAS 114 letters) as required by auditing standards.

RAMS will also perform the following:

- Make an immediate, written notification of all irregularities and illegal acts or indication of illegal acts of which we become aware to the following: Chair, Board of Commissioners; Vice Chair, Board of Commissioners; General Manager and the Deputy General Manager.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach

Engagement approach

Our engagement approach for your audit will be developed, in part, by using established goals which will enable measurement of the audits progress by the engagement partner and lead auditor. This involves frequent communication between the partner and the engagement team to ensure that all audit objectives are achieved in accordance with our goals and that any issues which may arise are communicated and dealt with on a timely basis. In addition, our in-depth knowledge and expertise in governmental accounting and auditing has allowed us to identify key audit and accounting risks in the government environment. More importantly, the approach provides for a complete reassessment of the control environment in each year's audit and thus enables us to respond to any needed risk assessment changes.

Our engagement approach has been developed and refined over many years. The foundation of our approach revolves around the following:

- **Knowledge and experience.** We have been auditing governmental entities like the Authority, both large and small, for over 74 years. This experience has allowed us to gain in-depth knowledge of the governmental environment which in turn allows us to perform a more efficient and effective audit. It also enables us to perform detailed risk assessment procedures allowing us to identify significant audit risk areas within the Authority and its control environment.
- **Intelligent design:** As discussed later in our proposal, all our audits are designed to be intelligent using our powerful audit software/data analytic tools (Engagement and *Teammate Analytics*). This allows us to analyze large amounts of data in seconds increasing both the efficiency and, more importantly, the effectiveness of all our audit engagements.
- **Oversight.** Professional judgment is not developed overnight. Our partners, managers and supervisors have been deeply involved in governmental audits on a continuous basis for most of their professional careers. By having direct partner and manager oversight, we can design audit strategies that result in effective and efficient audits.
- **Timeliness.** Deadlines are not just “dates” to us, they are professional commitments. All required deadlines will be met.
- **Open communication.** Open lines of communication with all parties (the engagement team members and Authority Management and staff) throughout the audit process helps to eliminate “surprises.” Proper planning and proper use of experienced engagement personnel tend to provide for an effective and efficient audit process. Consequently, inefficiencies, disruptions, and lack of understanding are kept to a minimum.
- **Availability.** All engagement team members are available throughout the year for any questions or additional consultation. Authority staff will have direct access to the partner, manager, and other supervisory staff at all times during the engagement, as well as after.
- **Cost effectiveness.** Our customized audit approach and procedures and our experienced auditors help to reduce your overall audit costs while still providing an effective audit and high-quality reports.
- **Risk based approach.** Our detailed risk assessment procedures will consist of activities performed to obtain an understanding of the Authority and its environment, including its internal control. Evidence from these activities will provide the basis for our assessment of risks of material misstatement at the financial statement and relevant assertion levels. While performing our risk assessment procedures and we may choose to perform further audit procedures concurrently with risk assessment procedures as deemed necessary. In addition, risk assessment procedures will provide some of the necessary evidence about the relevant assertions related to classes of transactions, account balances, or disclosures and about the operating effectiveness of controls.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

As indicated in the previous section of the proposal, the overall objective of the engagement with the Authority is to conduct an audit of the financial statements in accordance with required auditing standards and the expression of an opinion(s) on those financial statements. Beyond that initial objective, we believe that our engagement approach provides certain other value-added characteristics, at no additional cost, that will benefit the Authority over the long-term:

- All our audits are designed to be performed in an efficient and effective way to minimize disruption to the office operations.
- We offer practical observations and recommendations relating to internal control issues, implementation of accounting standards and the policies and procedures regarding both.
- We identify opportunities for operating efficiencies which can be used to decrease operating costs of the Authority.

Audit approach and proposed audit segmentation

The following is a summary of the audit team's audit approach for the engagement. The audit will be divided into the following segments:

Segment 1 - Interim testing - planning, pre-audit administration, and internal control testing

During this phase of the audit, our principal objectives will be to gather information about the Authority and its environment, including its internal control over financial reporting.

In order to achieve the desired objectives of this phase of the audit, we will:

- Meet with the Authority's staff in order to determine convenient dates in which we can begin our audit and to discuss the assistance to be provided by the Authority's staff.
- Hold brainstorming sessions with engagement team members to discuss the susceptibility of the Authority's financial statements to material misstatement and fraud.
- Review and evaluate the Authority's accounting and reporting processes by reviewing the prior year's audit workpapers, any Authority-prepared documents such as budgets, in-house financial reports, policies and procedures manuals, minutes of governance meetings, etc., and by using various analytical procedures. Analytical procedures will enhance our understanding of the Authority and will help us identify areas that may need further assessment and additional testing.
- Review and retain copies of any pertinent local, state and federal statutes, regulations, or charters that apply to the Authority.
- Evaluate the design of controls that are relevant to the audit by obtaining a thorough understanding of the Authority's internal controls over financial reporting and compliance by documenting key internal control components, utilizing questionnaires, walkthroughs, inquiring of the Authority's personnel, and observing and reviewing key supporting documentation (a more thorough explanation of this process is discussed later in the technical proposal).
- Test controls, if control risk is to be assessed below maximum, by selecting a sample of transactions within the audit area being tested and reviewing supporting documentation to determine whether the relevant controls are in place and functioning properly.
- Document and review with management, any findings noted during the testing of internal controls and provide a preliminary management letter that will include our recommendations for improving any weaknesses in operations. The letter will also include suggestions for improving the efficiency of the Authority's operations.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

- Utilize our powerful audit data analytic software allowing us to analyze large amounts of data in seconds and focusing on areas/transactions that are red flagged.

In addition, we will perform the following procedures related to IT General Controls that “touch” financial data:

- *Security access (including physical) controls:* evaluate the general system security settings and password parameters; evaluate the process for adding, deleting, and changing security access; evaluate the access capabilities of various types of users; evaluate access controls to networks and financial applications; evaluate access controls related to data files; and evaluate physical access to networks, servers, etc.
- *Computer operations:* Evaluate backup and recovery processes and review processes of identifying and handling operational problems.
- *System development and system changes:* Evaluate processes related to system development and system changes (if applicable).
- *Application testing:* We will determine if the testing of application controls is deemed necessary based on our professional judgment in the planning stages of the engagement.

This phase of the engagement for the audit will be performed by the audit supervisor/senior and two staff accountants with direct supervision by the audit manager and partner.

Segment 2 - Year-end testing - substantive testing

During this phase of the audit, our principal objectives will be to assess the risk of material misstatement at the financial statement level and specific assertions, design overall responses to assessed risks and further audit procedures, perform substantive tests, and complete the audit and evaluate audit findings, if applicable.

In order to achieve the desired objectives of this phase of the audit, we will:

- Identify significant risks and develop a detailed audit plan using the results in Segment 1.
- Design substantive tests of account balances designed and modified specifically for the Authority’s operations and assessed level of risk. Substantive procedures will consist of testing material balance sheet accounts, material revenue and expenditure/expense accounts along with various analytical procedures as deemed necessary. In addition, various accounts may be confirmed with outside parties (cash, investments, etc.).
- Determine whether our testing supports the assessed level of risk initially assigned at the financial statement level and at the assertion level.

This phase of the engagement for the audit will be performed by the audit supervisor/senior and two/three staff accountants with direct supervision by the audit manager and partner.

If any proposed audit adjustments are noted during this phase, we will discuss and explain them, in detail, with the appropriate level of management prior to posting.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

Segment 3 - Reporting - report preparation/audit conclusion (workpaper review)

During this phase of the audit, our principal objectives will be to evaluate whether the financial statements, taken as a whole, are free from material misstatement and form an opinion(s) and issue our report.

In order to achieve the desired objectives of this phase of the audit, we will:

- Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. This will provide the basis for our opinion(s).
- Review all audit workpapers to ensure that the audit was performed in accordance with the required standards (GAAS, GAGAS, etc.) and prepare drafts of all required reports by the agreed-upon dates.
- Conduct an independent review of the financial statement draft by the engagement's quality control partner and issue all reports by the agreed-upon dates.

This phase of the engagement will be performed by the audit supervisor/senior and one staff accountant with direct supervision by the audit manager and partner. In addition, the engagement's quality control partner will perform a detailed quality control review of the financial statements.

The above procedures are a general list of procedures to be performed. After our initial review of the Authority and our detailed risk assessment, we will customize the engagement and gear it towards the needs of the Authority and the audit itself. In doing so, we will determine which procedures to perform relative to our risk assessment. All our audits are customized to each entity, helping to ensure a complete, effective, and efficient audit. The foundation of the above approach is based on open communication coupled with a strong knowledge of the Authority's operations and detailed planning at the initial stages of the audit.

Our firm is dedicated to performing a timely audit engagement. Prior to the start of the audit, we will meet with Authority staff and decide on adequate timeframes, agreed upon by both the Authority and us, for the performance of the audit and the release of the financial statements. *We will dedicate the necessary resources to meet any agreed upon time frames.*

Level of staff and approximate number of hours assigned to each segment

Segment	Partner	Manager	Supervisor	Staff	Total
Segment 1	3	4	9	32	48
Segment 2	5	6	14	43	68
Segment 3	7	5	12	10	34
Totals*	15	15	35	85	150

* = excludes Single Audit hours

Sample sizes (including for compliance testing)

Our sample sizes will be determined in accordance with the AICPA's *Audit and Accounting Guide, Audit Sampling*, and will be selected using professional judgment or our TeamMate Analytics software, depending upon circumstance, as permitted by Statement on Auditing Standards. Our methods are designed to provide the most audit coverage without expending excess time. Our sample sizes will depend upon our preliminary assessment of control risk, our planned substantive testing and analytical procedures as well as our professional judgement.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

We utilize our Computer Aided Audit Tools (CAAT) software, Teammate Analytics, to draw our audit samples. The software allows us to generate random samples, systematic samples, stratified samples, attributes samples as well as monetary unit samples (also called probability-proportional-to-size or dollar unit sampling).

Intelligent audit technology

Our audits are designed to be intelligent using our powerful audit software tools (Engagement and Teammate Analytics). In addition, all audit team members are linked to each other using wireless connections which enables them to share information at an almost real-time speed. Below are some of the benefits of our audit technologies:

- ***We utilize Teammate Analytics, a suite of more than 200 dynamic Computer Aided Audit Tools (CAATs). This allows us to analyze large amounts of data in seconds. Using data received directly from the Authority, we can perform the following: search for duplicate checks, detect transactions occurring on holidays/weekends or during unusual hours, perform Benford's Law analysis, and identify instances when a vendor has issued multiple invoices with sequential references along with many other tests. The software empowers our audit teams with the ability to perform powerful, meaningful data analysis which will build upon our other value-added services.***
- We can create our own analytical schedules allowing for easy analysis of current balances to prior year balance, current vs budget balance, thus reducing significant Authority staff time.
- Once your trial balances and financial statements are entered into our software, we can observe your financial statements in the field allowing us to notice any variances and address them immediately.
- We link the financial statement schedules directly to our audit software trial balances, and as a result, we can provide the Authority with financial statements almost immediately after importing the trial balances.
- We can provide the Authority with our audited trial balances which show the coding of the financial statement schedules for ease of review for staff. These reports show each account coded to a specific financial statement line item/function as well as journal entries posted during the audit.
- We have the capability to perform effective and efficient audits remotely as well.

Analytical procedures

In order to properly utilize analytical procedures, industry background and knowledge are needed. With our firm's long history and qualified staff, we believe we have the necessary knowledge and experience to effectively apply analytical procedures. We will utilize analytical review procedures throughout our audit of the Authority.

- During the *interim* phase of our audit, we will compare current and prior year unadjusted balances to determine which areas may need additional analysis; we will also compare current year actual amounts to the Authority's annual budget (both original and adopted).
- During the *final* phase of our audit, we will perform procedures like those mentioned above, as well as compare certain financial ratios for current and prior years. We will also conduct certain "reasonableness" tests. Any significant variances are investigated further through inquiry and other substantive testing as deemed necessary until resolved to our satisfaction.
- Finally, after we have completed our fieldwork, we will compare current and prior year audited balances, keeping in mind expected relationships obtained from our knowledge of the Authority, similar entities and the general economic environment. In addition, we may choose to use various other analytical techniques such as trend analysis, etc.

Unlike other audit firms, we use analytical procedures to supplement our substantive testing, not supplant them.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

Understanding of internal control over financial reporting

Our approach to obtaining an understanding of the Authority's internal control over financial reporting will be performed in accordance with professional standards as promulgated by the American Institute of Certified Public Accountants -- our understanding will include the *Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring*. We will use customized procedures which we have developed internally to evaluate your internal control systems. By combining our customized procedures and our detailed knowledge of the Authority and its environment, we will be able to provide constructive feedback in areas we feel need improvement. In addition to our customized procedures, we will also perform the following:

Control Environment. Through inquiry of the Authority's personnel, prompted by questionnaires, personal knowledge, and review of the minutes of the governing body meetings, we will obtain an understanding of managements and the governing body's attitudes, awareness, and actions concerning the control environment, focusing on the substance of the controls rather than their form.

Risk Assessment. Through inquiry of the Authority's personnel and the use of questionnaires, we will obtain sufficient knowledge of the Authority's risk assessment process to understand how management considers risks relevant to financial reporting objectives and decides upon actions to address those risks. This will include understanding how management identifies risks, estimates the significance of these risks, assesses the likelihood of their occurrence, and relates them to financial reporting.

Control Activities. Certain control procedures will be documented during our analysis of the control environment and the accounting system. However, many specific control procedures will still need to be documented that will focus primarily on the Authority's major transaction cycles. As mentioned above, we will test the Authority's control procedures on which we intend to rely on for safeguarding assets from unauthorized use or disposition and detecting/preventing unauthorized transactions. Any flow charts, organizational charts and any other manuals, programs, and financial and management information systems will be analyzed during this process.

Information and Communication. Through inquiry of the Authority's personnel, we will identify the major types of transactions engaged in by the Authority. We will become familiar with the treatment of those transactions, including how the transactions are initiated, the related accounting records, and the manner of processing the transactions. Finally, we will obtain an understanding of the Authority's financial reporting process used to prepare financial reports, including the approaches used in making accounting estimates and disclosures.

Monitoring. Through inquiry of the Authority's personnel and the use of questionnaires, we will obtain sufficient knowledge of the major types of activities the Authority uses to monitor internal control over financial reporting. We will also determine how those activities are used to initiate corrective actions.

SANTA ANA WATERSHED PROJECT AUTHORITY

PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

Approach in determining applicable laws and regulations

We understand the importance of laws and regulations in planning an audit of a local governmental entity and design all our audits to ensure we test transactions for compliance. As part of our audit process, our audit team will obtain an understanding of the laws and regulations that will have a direct and material effect on the Authority's financial statements. In determining which laws and regulations are applicable to the Authority's financial statement audit, we will consult the following sources:

- AICPA Audit and Accounting Guide, *Audits of State and Local Governments*
- California Government Code (investments, GANN limit requirements, etc.)
- Applicable State of California laws
- U.S. Government Accountability Office's *Government Auditing Standards* (The Yellow Book), latest revision
- Applicable contracts/grants of the Authority
- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (OMB Uniform Guidance)

After consulting the applicable sources, we will design our audit to provide reasonable assurance of detecting material instances of noncompliance while continuing to refer to the applicable compliance guideline to ensure changes in compliance are not missed.

Auditing in a remote environment

The availability and use of technology has had a significant impact on the accounting and auditing profession, allowing us to provide professional services across longer distances and more timely than ever before. We have continued to evolve our ability to serve our clients remotely throughout the COVID-19 pandemic and have experienced new efficiencies for both auditor and auditee. We anticipate continuing to perform substantially all our audit work remotely and will work with the Authority to maximize the remote efficiencies using technology. If the Authority would like members of the audit team on-site, we will work with Authority management on determining an acceptable staffing level.

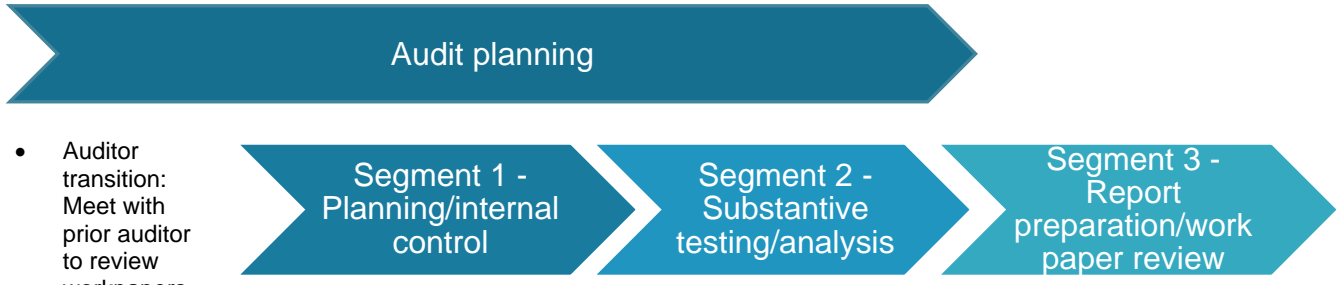
We maintain regular and routine contact with our clients throughout the audit planning, fieldwork, and conclusion phases of the audit with the use of email, phone calls, secure portals, video conferencing, project tracking schedules, and any other means necessary to ensure the timely completion of the audit by any agreed-upon deadlines. Our audit team is very responsive to our clients and we encourage our clients to connect with us throughout the year for any matters that may affect the audit or of a general accounting nature. We have found this to be mutually beneficial for both our clients and the annual audit work.

Remote auditing has many benefits some tangible, as listed above, others intangible. In performing remote audits, we are bettering our employee's quality of life by reducing unnecessary travel time, reducing traffic congestion on our local freeways while also helping to improve Southern California's air quality.

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Specific audit approach (continued)

Proposed audit timing



- Auditor transition: Meet with prior auditor to review workpapers.
- Entrance conference to meet with management for pre-audit planning.
- Preliminary risk assessment procedures.

Anticipated timing of each segment		
May/June	September	November

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> • Obtain an understanding of systems, internal controls, and current-year issues. • Assess and evaluate design and implementation of key internal controls (including IT related). • Perform tests of internal controls as needed. • Identify control deficiencies • Perform detailed risk assessment procedures. • Draft internal control comment letter. • Develop detailed audit plan - provide management with a detailed listing of items needed to perform the audit, including the timing of when items are needed. | <ul style="list-style-type: none"> • Perform substantive audit fieldwork, including substantive analytical procedures. • Consider whether audit evidence is sufficient to form an opinion. • Conduct exit conference with management to discuss proposed entries, internal control issues, etc. | <ul style="list-style-type: none"> • Determine whether, based on our substantive testing and other procedures, the financial statements, taken as a whole, are free of material misstatement. • Review all workpapers. • Evaluate financial statements and note disclosures. • Perform final analytical procedures. • Draft required reports. • Issue final required reports by or before agreed upon date. • Present to governing body as needed. |
|--|--|---|

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Cost proposal

As stated in our technical proposal, we believe our fee estimate provides a fair and reasonable investment, commensurate with level of service provided and the experience of the audit team members. While we may not be the lowest bidder, that is not our objective. We focus on delivering the best value and price our prospective engagements accordingly. However, we do not want fees alone to be an obstacle in the District's selection of their auditor. We would be happy to discuss and negotiate such fee issues and responsibilities with you.

In accordance with the Request for Proposal for Audit Services issued by the Authority, Rogers, Anderson, Malody & Scott, LLP hereby submits the following all-inclusive maximum cost proposal for the Santa Ana Watershed Project Authority:

Service	For the fiscal year ended June 30,		
	2022	2023	2024
Audit of the Authority	\$ 25,475	\$ 26,225	\$ 26,975
Out of pocket expenses	-	-	-
Total	\$ 25,475	\$ 26,225	\$ 26,975
Single Audit* and related reports	\$ 5,150	\$ 5,300	\$ 5,450

* = for the first major program, each additional major program \$3,550.

Santa Ana Watershed Project Authority
Schedule of professional fees and expenses
For the audit of the June 30, 2022 Financial Statements

	Standard Hourly Rates	Quoted Hourly Rates	Hours	Total
Partners	\$ 350	\$ 275	15	\$ 4,125
Manager	235	210	15	3,150
Supervisor	205	185	40	7,400
Staff	150	135	80	10,800
			<u>150</u>	
Total for audit services				25,475
Out-of-pocket expenses				-
Meals and lodging				-
Transportation				-
Other (specify): _____				-
Total all-inclusive maximum price for 2022 audit				<u>\$ 25,475</u>

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Cost proposal (continued)

Santa Ana Watershed Project Authority
Schedule of professional fees and expenses
For the audit of the June 30, 2023 Financial Statements

	Standard Hourly Rates	Quoted Hourly Rates	Hours	Total
Partners	\$ 355	\$ 280	15	\$ 4,200
Manager	240	215	15	3,225
Supervisor	210	190	40	7,600
Staff	155	140	80	11,200
			<u>150</u>	
Total for audit services				26,225
Out-of-pocket expenses				-
Meals and lodging				-
Transportation				-
Other (specify): _____				-
Total all-inclusive maximum price for 2023 audit				<u>\$ 26,225</u>

Santa Ana Watershed Project Authority
Schedule of professional fees and expenses
For the audit of the June 30, 2024 Financial Statements

	Standard Hourly Rates	Quoted Hourly Rates	Hours	Total
Partners	\$ 360	\$ 285	15	\$ 4,275
Manager	245	220	15	3,300
Supervisor	215	195	40	7,800
Staff	160	145	80	11,600
			<u>150</u>	
Total for audit services				26,975
Out-of-pocket expenses				-
Meals and lodging				-
Transportation				-
Other (specify): _____				-
Total all-inclusive maximum price for 2024 audit				<u>\$ 26,975</u>

SANTA ANA WATERSHED PROJECT AUTHORITY
PROPOSAL FOR PROFESSIONAL AUDITING SERVICES

Optional service

In accordance with the Request for Proposal for Audit Services issued by the Authority, Rogers, Anderson, Malody & Scott, LLP hereby submits the following all-inclusive maximum cost proposal for the Lake Elsinore & San Jacinto Watersheds Authority:

Service	For the fiscal year ended June 30,		
	2022	2023	2024
Lake Elsinore & San Jacinto Watersheds Authority	\$ 5,250	\$ 5,400	\$ 5,550

Identification of anticipated potential audit problems

Governmental Accounting Standards Board Statements (GASBS) implementation

One potential problem could be the implementation of any future GASBS. With our deep understanding of governmental accounting and auditing, constant training, and broad resources, we do not anticipate any issues during a GASB implementation. Our approach to any GASB statement implementation would be as follows: gain a thorough understanding of the pronouncement; determine applicability to the Authority; if applicable, discuss the statement and how it will affect the Authority with Authority staff; and provide guidance to Authority staff on the accounting and financial reporting implications.

Condition of records

Our proposed fee assumes the following: the Authority will be adequately prepared for the audit and the Authority’s financial operations and working trial balance will be consistent from year to year. If, after we receive the working trial balances, we notice there are excessive new accounts over the prior year; or if there are excessive subsequent journal entries; prepared by client workpapers do not agree to the working trial balances, there are new funds/functions within the Authority, etc., or other changes that necessitate a significant amount of time to address, we will need to come to an agreed upon change order to address any possible additional costs incurred by the firm. If the need for additional work comes to our attention, we will immediately notify Authority staff. If you choose to have us perform the additional work, then such work will be performed at the same hourly rates applicable to the audit and set forth in an addendum to the contract between the Authority and our firm.

Management is also responsible for the implementation of new standards issued by the Governmental Accounting Standards Board. We will provide reasonable assistance in the preparation of the items, but any significant time needed to complete the financial statements will be billed separately.

Our proposed fee is also dependent on all items requested being completed in the format requested or in a mutually agreed upon format and uploaded to the Engagement Organizer hosted by our firm in a timely manner in accordance with the agree-upon audit timeline.

GOVERNMENT CLIENTS SERVED

<u>Government Client</u>	<u>Years Served</u>	<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
City of El Cajon	06/30/07 to 06/30/21	Yes	Yes	Yes
City of Exeter	06/30/17 to 06/30/21			
City of Woodlake	06/30/17 to 06/30/21			
Town of Yucca Valley	06/30/08 to 06/30/21	Yes	Yes	Yes
City of La Verne	06/30/11 to 06/30/21	Yes	Yes	Yes
City of San Jacinto	06/30/11 to 06/30/21		Yes	Yes
City of Twentynine Palms	06/30/11 to 06/30/21	Yes	Yes	Yes
City of La Mesa	06/30/11 to 06/30/21		Yes	Yes
City of Menifee	06/30/14 to 06/30/21	Yes		
City of San Marcos	06/30/14 to 06/30/21	Yes	Yes	Yes
City of Loma Linda	06/30/13 to 06/30/21	Yes	Yes	Yes
City of Sierra Madre	06/30/12 to 06/30/21	Yes	Yes	Yes
City of Hawthorne	06/30/16 to 06/30/21	Yes	Yes	Yes
City of West Covina	06/30/16 to 06/30/21	Yes	Yes	Yes
City of Aliso Viejo	06/30/16 to 06/30/21	Yes	No	No
City of Claremont	06/30/16 to 06/30/21	Yes	Yes	Yes
City of Thousand Oaks	06/30/18 to 06/30/21	Yes	Yes	Yes
City of South Pasadena	06/30/18 to 06/30/20		Yes	Yes
City of Rolling Hills Estates	06/30/19 to 06/30/21	Yes		
City of Calabasas	06/30/20 to 06/30/21	Yes		
City of San Bernardino	06/30/20 to 06/30/21	Yes		
City of Ojai	06/30/20 to 06/30/21			
City of Beaumont	06/30/20 to 06/30/21	Yes		
City of Moreno Valley	06/30/20 to 06/30/21	Yes		
City of Lawndale	06/30/20 to 06/30/21			
Town of Windsor	06/30/19 to 06/30/20			
City of San Dimas	06/30/21			
City of Imperial Beach	06/30/21			
City of Coachella	Agreed upon procedures			
City of Canyon Lake	Accounting support			
City of Rolling Hills	Accounting support			
City of Yucaipa	Accounting support			
City of Angels Camp	Accounting support			
City of Grand Terrace	Accounting support			
Crestline Village Water District	04/30/96 to 04/30/21			
Crestline-Lake Arrowhead Water	06/30/98 to 06/30/21			
San Bernardino Valley Muni Water District	06/30/04 to 06/30/21			
Elsinore Valley Municipal Water District	06/30/15 to 06/30/21	Yes		
Pine Cove Water District	06/30/10 to 06/30/21			
Idyllwild Water District	06/30/11 to 06/30/21			
Big Bear Area Regional Wastewater	06/30/12 to 06/30/21	Yes		
Mojave Water Agency	06/30/19 to 06/30/21	Yes		
Beaumont Cherry Valley Water District	12/31/17 to 12/31/20	Yes		
Rosamond Community Services District	06/30/15 to 06/30/21			
Rossmoor Community Services District	06/30/05 to 06/30/21			
Rim of the World Park & Rec. District	06/30/06 to 06/30/21			
Heartlands Communications Fac Auth	06/30/07 to 06/30/21			
Heartlands Fire Training Authority	06/30/07 to 06/30/21			

GOVERNMENT CLIENTS SERVED (continued)

<u>Government Client</u>	<u>Years Served</u>	<u>CSMFO/ GFOA Awards</u>	<u>Successor Agency</u>	<u>Housing Authority</u>
Consolidated Fire Agencies	06/30/14 to 06/30/21			
Successor Agency to the County of SB	06/30/14 to 06/30/21			
Riverside County Habitat Con. Agency	06/30/15 to 06/30/21			
Santa Ana Watershed Association	12/31/09 to 12/31/20			
Capistrano Bay Community Services District	06/30/13 to 06/30/21			
Ventura County Public Fin Authority	06/30/12 to 06/30/21			
Nipomo Community Services District	06/30/16 to 06/30/21	Yes		
SBIAA	06/30/17 to 06/30/21			
WRCOG	06/30/17 to 06/30/21	Yes		
San Diego Workforce Partnership	06/30/16 to 06/30/21			
Rubidoux Community Services District	06/30/16 to 06/30/21			
Conejo Recreation and Park District	06/30/19 to 06/30/21			
Upper San Gabriel Valley MWD	06/30/19 to 06/30/21	Yes		
March Joint Powers Authority	06/30/19 to 06/30/21			
Chino Basin Desalter Authority	06/30/19 to 06/30/21	Yes		
Mountains Recreation and Conservation	06/30/19 to 06/30/21			
Palos Verdes Peninsula Transit Authority	06/30/19 to 06/30/21			
Yucca Valley Airport District	06/30/20 to 06/30/21			
West Basin Municipal Water District	06/30/20 to 06/30/21	Yes		
Crestline Sanitation District	Accounting support			
Running Springs Water District	Accounting support			
Phelan Pinon Hills Community Services District	Accounting support			



ROGEAND-01

LWEST

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/22/2022

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Orion Business Insurance and Risk Management Services, Inc. 1250 Corona Pointe Court, Suite 302 Corona, CA 92879	CONTACT NAME: Lena West	
	PHONE (A/C, No, Ext): (951) 281-5348 5348	FAX (A/C, No):
	E-MAIL ADDRESS: lwest@orionins.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A: Sentinel Insurance Company	11000
INSURED Rogers, Anderson, Malody & Scott LLP 735 E. Carnegie Drive Suite 100 San Bernardino, CA 92408	INSURER B: Sequoia Insurance Company	22985
	INSURER C: Travelers Cas&Surety Co of Am	31194
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INER LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> SECT <input type="checkbox"/> LOC OTHER:		X	72SBAAR7403	1/1/2022	1/1/2023	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			72SBAAR7403	1/1/2022	1/1/2023	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			72SBAAR7403	1/1/2022	1/1/2023	EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below		Y/N N/A	QWC1190614	1/1/2022	1/1/2023	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Prof. Liability			106850737	1/1/2022	1/1/2023	See Below

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Professional Liability \$4,000,000 Per Claim:\$4,000,000 Aggregate: \$35,000 Per claim Deductible

CERTIFICATE HOLDER CANCELLATION

	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Lena West</i>

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COMMISSION MEMORANDUM NO. 2022.25

DATE: April 19, 2022

TO: SAWPA Commission

SUBJECT: Support Orange County Water District's legislative platform appealing to federal legislators to pass the per- and polyfluoroalkyl substances (PFAS)

PREPARED BY: Jeff Mosher, General Manager

RECOMMENDATION

It is recommended that the Commission support Orange County Water District's position and authorize staff to send the support letters advocating for the Resolution 2022-6 that supports federal PFAS legislation that protects ratepayers and water/wastewater agencies.

DISCUSSION

Orange County Water District has developed a legislative platform related to PFAS treatment and water quality regulations which includes three tenets: 1) exemption from the Comprehensive Environmental Response, compensation, and Liability Act (CERCLA) liability for water and wastewater agencies, 2) inclusion of the long-standing cost-benefit analysis in development of water regulations, and 3) funding for PFAS treatment.

There have been potential amendments in recent months to the Safe Drinking Water Act that removes long-standing cost benefit analysis. Under existing law, the U.S. Environmental Protection Agency ensures that public health benefits of new drinking water standards are reasonably balanced with the compliance costs that water system ratepayers will ultimately incur. Eliminating this analysis would burden ratepayers of all income levels with substantial costs to comply with drinking water standards.

A water utility that complies with applicable and appropriate federal management and treatment standards must not be responsible for current and future costs associated with a PFAS cleanup.

As a result, the attached resolution supports the inclusion of cost-benefits analysis in the future water quality rulemaking process. The attached letters seek legislative support for the Resolution 2022-6. If the Commission votes in support of the Resolution, SAWPA staff will seek approval from member agencies to add their signatures to the letters.

RESOURCE IMPACTS

None.

Attachments:

1. Letters of Support
2. PFAS Resolution No. 2022-6

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Santa Ana Watershed Project Authority

OVER 50 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

April 19, 2022

The Honorable Congressman Correa
2301 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Congresswoman Kim
1306 Longworth House Office Building
Washington, D.C. 20515

The Honorable Congressman Lowenthal
108 Cannon House Office Building
Washington, D.C. 20515

The Honorable Congresswoman Porter
1117 Longworth House Office Building
Washington, D.C. 20515

The Honorable Congresswoman Steel
1113 Longworth House Office Building
Washington, D.C. 20515

RE: Support for Federal PFAS Policy Principles to Protect Water/Wastewater Agencies & Ratepayers

Dear Representatives Correa, Kim, Lowenthal, Porter, and Steel:

We write to you today on behalf of the essential public water and wastewater agencies to express our concerns with recently passed legislation regarding PFAS, the group of man-made chemicals created by chemical manufacturers.

It has come to my attention that the House-passed federal legislation, PFAS Action Act of 2021 (H.R. 2467), would result, if enacted, in exposing Orange County water and wastewater districts, including the Santa Margarita Water District (SMWD), to CERCLA’s liability standard.

SMWD has no responsibility for the presence of PFAS and the concept of imposing CERCLA liability on water and wastewater districts runs contrary to the “polluter pays” public policy. I respectfully request that you work with your colleagues in support of providing an exemption from CERCLA liability for water and wastewater agencies and reject shifting all or part of the liability for the cost of cleaning up this contamination from the chemical manufacturers to the ratepayers of these agencies.

Additionally, under current law (Safe Drinking Water Act), the USEPA ensures that public health benefits of new drinking water standards are balanced with the compliance costs that water system ratepayers will ultimately incur. When setting drinking water standards for PFOA and PFOS, we advocate for the USEPA to use this longstanding methodology.

Sincerely,

Jeff Mosher
General Manager, Santa Ana Watershed Project Authority

Marco Tule
Chair
Inland Empire
Utilities Agency

Bruce Whitaker
Vice Chair
Orange County
Water District

Mike Gardner
Secretary-Treasurer
Western Municipal
Water District

June D. Hayes
Commissioner
San Bernardino Valley
Municipal Water District

David J. Slawson
Commissioner
Eastern Municipal
Water District

Jeffrey J. Mosher
General Manager

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Santa Ana Watershed Project Authority

OVER 50 YEARS OF INNOVATION, VISION, AND WATERSHED LEADERSHIP

April 19, 2022

The Honorable Senator Dianne Feinstein
United States Senate
331 Hart Senate Office Building
Washington D.C. 20510

The Honorable Senator Alex Padilla
United States Senate
112 Hart Senate Office Building
Washington D.C. 20510

RE: Support for Federal PFAS Policy Principles to Protect Water/Wastewater Agencies & Ratepayers

Dear Senator Feinstein and Senator Padilla:

PFAS are a group of man-made chemicals created by chemical manufacturers and despite playing no role in releasing PFAS into the environment, water and wastewater agencies must find ways to address their impacts and conduct expensive monitoring. For example, PFAS have been detected in the Orange County Groundwater Basin, managed by Orange County Water District (OCWD), and are estimated to cost north Orange County communities more than \$1 billion, over 30 years—a cost that could increase. Complicating this cleanup burden, all Orange County ratepayers are at additional risk from pending PFAS legislation that would effectively abandon the “polluter pays” principle.

I ask as you consider legislation to address PFAS and other contaminants of emerging concern, that you ensure such legislation provides an explicit exemption from liability for water and wastewater agencies related to PFAS cleanup costs.

A water or wastewater utility that complies with applicable and appropriate federal management and treatment standards must not be responsible for current and future costs associated with a PFAS cleanup. We are especially concerned that the House has approved the PFAS Action Act of 2021 (H.R. 2467). Without amendment, this bill could potentially burden water and wastewater agencies that simply receive water and/or wastewater that contains PFAS with across-the-board CERCLA liability for PFAS-related cleanups. This legislation provides an exemption for the nations’ airports, and it is vital that you secure an exemption to also include water and wastewater agencies. Water and wastewater agencies have no responsibility for the presence of PFAS and the concept of imposing CERCLA liability is bad public policy.

Also, under existing law (Safe Drinking Water Act), the USEPA ensures that public health benefits of new drinking water standards are reasonably balanced with the compliance costs. We advocate for the USEPA to use this current methodology when setting drinking water standards for PFOA and PFOS. This is a longstanding method that has been used and its elimination would burden ratepayers of all income levels with higher costs.

I call upon California’s Senators to cast votes implementing these public policy positions. If I can provide any further information or assistance, please contact me at 951-354-4220.

Sincerely,
Jeff Mosher
General Manager, Santa Ana Watershed Project Authority

Marco Tule
Chair
Inland Empire
Utilities Agency

Bruce Whitaker
Vice Chair
Orange County
Water District

Mike Gardner
Secretary-Treasurer
Western Municipal
Water District

June D. Hayes
Commissioner
San Bernardino Valley
Municipal Water District

David J. Slawson
Commissioner
Eastern Municipal
Water District

Jeffrey J. Mosher
General Manager

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RESOLUTION 2022-6

**A RESOLUTION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY
SUPPORTING FEDERAL PFAS LEGISLATION THAT PROTECTS RATEPAYERS
AND WATER/WASTEWATER AGENCIES**

WHEREAS, PFAS are a group of chemicals developed by chemical manufacturers that would otherwise not exist naturally and despite playing no role in releasing PFAS into the environment, water and wastewater agencies must find ways to remove them from local water supplies; and,

WHEREAS, Ratepayers are at risk from pending PFAS legislation and associated PFAS costs and water agencies and stakeholders must take action to inform members of Congress of these devastating impacts; and,

WHEREAS, All PFAS-related legislation must exempt water and wastewater agencies from any liability for PFAS cleanup costs; and,

WHEREAS, A water utility that complies with applicable and appropriate federal management and treatment standards must not be responsible for current and future costs associated with a PFAS cleanup; and,

WHEREAS, Given the potential for federal legislation to expose water agencies that simply receive and treat water supplies with across-the-board liability for PFAS-related cleanups when they have no responsibility for the presence of PFAS, an explicit exemption from Superfund clean-up liability must be made for water and wastewater agencies; and,

WHEREAS, Under existing law (Safe Drinking Water Act), the USEPA ensures that public health benefits of new drinking water standards are reasonably balanced with the compliance costs that water system ratepayers will ultimately incur and eliminating this analysis would burden ratepayers of all income levels with astronomical costs to comply with drinking water standards; and,

WHEREAS, When setting drinking water standards for PFOA and PFOS, we advocate for the USEPA to use this longstanding methodology.; and,

NOW, THEREFORE, let it be resolved that the Board of Directors of the Santa Ana Watershed Project Authority (SAWPA) hereby supports these federal PFAS policy principles to protect water/wastewater agencies and their ratepayers and,

FURTHERMORE, we call upon the Orange County Congressional Delegations and California Senatorial Delegation to cast votes implementing these public policy positions.

ADOPTED this 19th Day of April, 2022.

SANTA ANA WATERSHED PROJECT AUTHORITY

By:

Marco Tule, Chair

Attest:

Sara Villa, Clerk of the Board

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Santa Ana Watershed Project Authority
Cash Transaction Report
Month of February 2022

Below is a summary of cash transactions completed during the month in the Authority's checking account with US Bank. Attached are summaries by major revenue and expense classifications.

Cash Receipts and Deposits to Account	\$	910,743.16
Net Investment Transfers		1,875.00
Cash Disbursements		<u>(567,008.81)</u>
Net Change for Month	\$	345,609.35
Balance at Beginning of Month		<u>1,967,151.44</u>
Balance at End of Month per General Ledger	\$	<u><u>2,312,760.79</u></u>
Collected Balance per Bank Statement	\$	2,324,179.83

ACCOUNTS PAYABLE RECONCILIATION

Accounts Payable Balance @ 01/31/2022	\$	6,255,926.95
Invoices Received for February 2022		1,071,208.35
Invoices Paid by check/wire during February 2022 (see attached register)		<u>(331,813.48)</u>
Accounts Payable Balance @ 02/28/2022	\$	<u><u>6,995,321.82</u></u>

CASH RECEIPTS

Brine Line Operating Revenues	\$ 812,631.74
LESJWA Admin Reimbursement	21,097.29
Grant Proceeds - Prop 1 Pass-throughs	2,998.07
Grant Proceeds - Prop 1	71,010.90
Other Grant Funds (WECAN)	2,395.34
Other	<u>609.82</u>
Total Receipts and Deposits	\$ 910,743.16

INVESTMENT TRANSFERS

Transfer of Funds:	
From (to) US Bank	\$ -
From (to) LAIF	-
From (to) Legal Defense Fund	-
From (to) LESJWA	-
From (to) Investments	<u>1,875.00</u>
Total Investment Transfers	\$ 1,875.00

CASH DISBURSEMENTS

By Check:	
Payroll	\$ 331,813.48
Operations	<u>-</u>
Total Checks Drawn	\$ 331,813.48
By Cash Transfer:	
Payroll	\$ 148,253.74
Payroll Taxes	82,017.53
Take Care (AFLAC)	<u>4,924.06</u>
Total Cash Transfers	\$ 235,195.33
Total Cash Disbursements	<u><u>\$ 567,008.81</u></u>

Santa Ana Watershed Project Authority
Check Detail
Feb-22

Category	Check #	Check Date	Type	Vendor	Check Amount
Auto Expense	5139	2/3/2022	CHK	County of Riverside	\$ 1,156.83
Auto Expense	5150	2/24/2022	CHK	County of Riverside	\$ 1,130.83
Auto Expense	EFT04327	2/3/2022	CHK	County of Riverside/Transportation	\$ 627.27
Auto Expense Total					\$ 2,914.93
Benefits	5142	2/10/2022	CHK	Cal PERS Long Term Care Program	\$ 231.11
Benefits	5148	2/24/2022	CHK	AFLAC	\$ 336.01
Benefits	5151	2/24/2022	CHK	WageWorks	\$ 134.00
Benefits	5152	2/24/2022	CHK	Mutual Of Omaha	\$ 2,937.79
Benefits	EFT04331	2/10/2022	CHK	ACWA/JPIA	\$ 45,323.84
Benefits	EFT04332	2/10/2022	CHK	Vantagepoint Transfer Agents	\$ 3,736.49
Benefits	EFT04337	2/10/2022	CHK	Vantagepoint Transfer Agents	\$ 407.23
Benefits	EFT04353	2/24/2022	CHK	Vantagepoint Transfer Agents	\$ 3,736.49
Benefits	EFT04356	2/24/2022	CHK	Vantagepoint Transfer Agents	\$ 407.23
Benefits	P042394	2/10/2022	WDL	CalPERS Supplemental Income	\$ 6,312.60
Benefits	P042395	2/10/2022	WDL	Public Employees' Retirement	\$ 20,863.68
Benefits	P042463	2/24/2022	WDL	CalPERS Supplemental Income	\$ 6,312.60
Benefits	P042464	2/24/2022	WDL	Public Employees' Retirement	\$ 20,863.67
Benefits	WDL000005615	2/1/2022	WDL	Takecare	\$ 192.30
Benefits	WDL000005618	2/7/2022	WDL	Takecare	\$ 2,784.86
Benefits	WDL000005622	2/11/2022	WDL	Takecare	\$ 843.60
Benefits	WDL000005624	2/16/2022	WDL	Takecare	\$ 192.30
Benefits	WDL000005628	2/22/2022	WDL	Takecare	\$ 306.00
Benefits	WDL000005631	2/25/2022	WDL	Takecare	\$ 305.00
Benefits	WDL000005633	2/28/2022	WDL	Takecare	\$ 300.00
Benefits Total					\$ 116,526.80
Building Lease	5153	2/24/2022	CHK	Wilson Property Services, Inc	\$ 1,984.00
Building Lease	5154	2/24/2022	CHK	Wilson Property Services, Inc	\$ 1,890.00
Building Lease Total					\$ 3,874.00
CEQA	EFT04366	2/24/2022	CHK	Catalyst Environmental Solutions	\$ 25,964.00
CEQA Total					\$ 25,964.00
Cloud Storage	EFT04357	2/24/2022	CHK	Accent Computer Solutions Inc	\$ 1,640.00
Cloud Storage Total					\$ 1,640.00
Conference Expense - Registration	5145	2/17/2022	CHK	Resource Trends, Inc.	\$ 2,500.00
Conference Expense - Registration Total					\$ 2,500.00
Consulting	EFT04323	2/3/2022	CHK	CDM Smith, Inc.	\$ 6,366.70
Consulting	EFT04324	2/3/2022	CHK	Integrated Systems Solutions	\$ 37.00
Consulting	EFT04326	2/3/2022	CHK	Trussell Technologies, Inc.	\$ 2,047.66
Consulting	EFT04328	2/3/2022	CHK	Blais & Associates	\$ 1,072.50
Consulting	EFT04329	2/3/2022	CHK	JPW Communications	\$ 2,916.65
Consulting	EFT04338	2/10/2022	CHK	Integrated Systems Solutions	\$ 277.50
Consulting	EFT04341	2/10/2022	CHK	Sol Media	\$ 1,680.00
Consulting	EFT04342	2/10/2022	CHK	Kahn Soares & Conway	\$ 4,116.50
Consulting	EFT04347	2/17/2022	CHK	Trussell Technologies, Inc.	\$ 3,548.34
Consulting	EFT04348	2/17/2022	CHK	GEI Consultants	\$ 12,863.08
Consulting	EFT04350	2/17/2022	CHK	West Yost & Associates, Inc.	\$ 9,101.50
Consulting	EFT04354	2/24/2022	CHK	West Coast Advisors	\$ 9,750.00
Consulting	EFT04357	2/24/2022	CHK	Accent Computer Solutions Inc	\$ 2,786.40
Consulting	EFT04358	2/24/2022	CHK	Woodard & Curran Inc.	\$ 1,384.00
Consulting	EFT04360	2/24/2022	CHK	California Rural Water Association	\$ 14,733.45
Consulting	EFT04361	2/24/2022	CHK	Raftelis Financial Consultants	\$ 13,690.00
Consulting	EFT04365	2/24/2022	CHK	West Yost & Associates, Inc.	\$ 13,240.00
Consulting Total					\$ 99,611.28
Credit Cards	P042396	2/8/2022	WDL	US Bank	\$ 12,542.31
Credit Cards Total					\$ 12,542.31
Director Costs	EFT04352	2/24/2022	CHK	Eastern Municipal Water District	\$ 240.00
Director Costs Total					\$ 240.00
Dues	5143	2/10/2022	CHK	California Association of Mutual Water Companies	\$ 500.00
Dues	EFT04368	2/24/2022	CHK	North American Weather Modification Council	\$ 500.00
Dues Total					\$ 1,000.00
Employee Reimbursement	EFT04330	2/3/2022	CHK	Alfredo Vasquez	\$ 192.00
Employee Reimbursement Total					\$ 192.00
Equipment Rented	EFT04333	2/10/2022	CHK	Konica Minolta Business Solutions	\$ 678.07

Santa Ana Watershed Project Authority
Check Detail
Feb-22

Category	Check #	Check Date	Type	Vendor	Check Amount
Equipment Rented Total					\$ 678.07
Equipment Repair/Maintenance	5147	2/17/2022	CHK	Heating Air Conditioning Services	\$ 885.25
Equipment Repair/Maintenance Total					\$ 885.25
Facility Repair & Maintenance	5157	2/24/2022	CHK	D&B Fabrication Plus	\$ 78.00
Facility Repair & Maintenance	EFT04321	2/3/2022	CHK	Western Exterminator Co.	\$ 134.05
Facility Repair & Maintenance	EFT04325	2/3/2022	CHK	TNT Elevator Inc	\$ 272.00
Facility Repair & Maintenance	EFT04334	2/10/2022	CHK	Western Exterminator Co.	\$ 134.05
Facility Repair & Maintenance	EFT04339	2/10/2022	CHK	United Storm Water Inc.	\$ 1,316.70
Facility Repair & Maintenance	EFT04340	2/10/2022	CHK	Riverside Cleaning	\$ 1,625.00
Facility Repair & Maintenance	EFT04359	2/24/2022	CHK	Douglas Environmental Group	\$ 865.00
Facility Repair & Maintenance Total					\$ 4,424.80
Lab Costs	EFT04322	2/3/2022	CHK	E. S. Babcock & Sons, Inc.	\$ 256.00
Lab Costs	EFT04336	2/10/2022	CHK	E. S. Babcock & Sons, Inc.	\$ 1,152.00
Lab Costs	EFT04345	2/17/2022	CHK	E. S. Babcock & Sons, Inc.	\$ 2,528.00
Lab Costs	EFT04355	2/24/2022	CHK	E. S. Babcock & Sons, Inc.	\$ 374.00
Lab Costs Total					\$ 4,310.00
Landscape Maintenance	EFT04346	2/17/2022	CHK	Green Meadows Landscape	\$ 720.00
Landscape Maintenance Total					\$ 720.00
Office Expense	5137	2/3/2022	CHK	Staples Business Advantage	\$ 60.36
Office Expense	EFT04351	2/24/2022	CHK	Aramark Refreshment Services	\$ 164.56
Office Expense Total					\$ 224.92
Other Expense	5146	2/17/2022	CHK	Bri Communications	\$ 7,500.00
Other Expense Total					\$ 7,500.00
Other Professional Services	EFT04349	2/17/2022	CHK	Bell, McAndrews, & Hiltachk,	\$ 313.00
Other Professional Services Total					\$ 313.00
Payroll	WDL000005617	2/11/2022	WDL	Direct Deposit 2/11/2022	\$ 71,972.37
Payroll	WDL000005619	2/11/2022	WDL	PR Tax - Federal	\$ 32,868.63
Payroll	WDL000005620	2/11/2022	WDL	PR Tax - State	\$ 6,923.74
Payroll	WDL000005621	2/11/2022	WDL	PR Tax - State AZ	\$ 116.78
Payroll	WDL000005623	2/25/2022	WDL	Direct Deposit 2/25/2022	\$ 76,281.37
Payroll	WDL000005625	2/25/2022	WDL	PR Tax - Federal	\$ 34,726.84
Payroll	WDL000005626	2/25/2022	WDL	PR Tax - State	\$ 7,264.76
Payroll	WDL000005627	2/25/2022	WDL	PR Tax - State AZ	\$ 116.78
Payroll Total					\$ 230,271.27
Payroll Garnishment	5144	2/10/2022	CHK	Riverside County Sheriff	\$ 634.48
Payroll Garnishment	5156	2/24/2022	CHK	Riverside County Sheriff	\$ 634.48
Payroll Garnishment Total					\$ 1,268.96
Safety	EFT04335	2/10/2022	CHK	Underground Service Alert	\$ 226.55
Safety Total					\$ 226.55
Software	EFT04357	2/24/2022	CHK	Accent Computer Solutions Inc	\$ 1,253.70
Software Total					\$ 1,253.70
Spill Costs	EFT04344	2/17/2022	CHK	Haz Mat Trans, Inc.	\$ 37,021.25
Spill Costs	EFT04367	2/24/2022	CHK	Jennings Environmental, LLC	\$ 3,875.00
Spill Costs Total					\$ 40,896.25
Subscriptions	EFT04343	2/10/2022	CHK	Verizon Connect Fleet USA	\$ 104.70
Subscriptions Total					\$ 104.70
Use Tax	5155	2/24/2022	CHK	California Department of Tax and Fee Administration	\$ 57.00
Use Tax Total					\$ 57.00
Utilities	5132	2/3/2022	CHK	AT&T	\$ 1,007.38
Utilities	5133	2/3/2022	CHK	AT&T	\$ 822.17
Utilities	5134	2/3/2022	CHK	AT&T	\$ 202.84
Utilities	5135	2/3/2022	CHK	Southern California Edison	\$ 26.90
Utilities	5136	2/3/2022	CHK	Southern California Edison	\$ 178.25
Utilities	5138	2/3/2022	CHK	Burrtec Waste Industries, Inc	\$ 177.87
Utilities	5140	2/10/2022	CHK	Riverside, City of	\$ 162.19
Utilities	5141	2/10/2022	CHK	Riverside, City of	\$ 1,781.17
Utilities	5149	2/24/2022	CHK	AT&T	\$ 967.97
Utilities	EFT04362	2/24/2022	CHK	Verizon Wireless Services LLC	\$ 130.61
Utilities	EFT04363	2/24/2022	CHK	Verizon Wireless Services LLC	\$ 331.01
Utilities	EFT04364	2/24/2022	CHK	Verizon Wireless Services LLC	\$ 1,080.66
Utilities Total					\$ 6,869.02
Grand Total					\$ 567,008.81

Santa Ana Watershed Project Authority
 Check Detail
 Feb-22

Category	Check #	Check Date	Type	Vendor	Check Amount
			Accounts Payable		
			Checks		\$ 264,918.62
			Wire Transfers		\$ 66,894.86
					<u>\$ 331,813.48</u>
			Take Care		\$ 4,924.06
			Other		\$ -
			Payroll		\$ 230,271.27
Total Disbursements for February 2022					<u>\$ 567,008.81</u>

Santa Ana Watershed Project Authority
Consulting
Feb-22

Check #	Check Date	Task #	Task Description	Vendor Name	Total Contract	Check Amount	Remaining Contract Amount	Notes/Comment
EFT04357	2/24/2022	ACS100-23	IT Services	Accent Computer Solutions	\$ 107,375.00	\$ 2,786.40	\$ 70,974.46	
EFT04328	2/3/2022	BLAIS370-02	Grant Needs Assessment & Grant Monitoring	Blais & Associates	\$ 24,700.00	\$ 1,072.50	\$ 896.56	Closed
EFT04360	2/24/2022	CRWA WO2022-29	Grant Preparation DCI - Phase 1	California Rural Water Association	\$ 25,000.00	\$ 11,115.95	\$ 0.05	
EFT04360	2/24/2022	CRWA WO2022-30	Grant Preparation DCI	California Rural Water Association	\$ 19,800.00	\$ 3,617.50	\$ 1,883.75	
EFT04323	2/3/2022	CDM386-16	Implementation of SAR Regional Bacteria Monitoring Program	CDM Smith	\$ 1,070,535.00	\$ 6,366.70	\$ 773,041.18	
EFT04348	2/17/2022	GEI386-01	Homeless Encampment - Phase 1A Water Quality Monitoring	GEI Consultants	\$ 119,514.00	\$ 12,863.08	\$ 41,991.89	
EFT04324	2/3/2022	INSOL100-17	Great Plains and Journyx Support	Integrated Systems Solutions	\$ 4,750.00	\$ 37.00	\$ 1,198.00	
EFT04338	2/10/2022	INSOL100-17	Great Plains and Journyx Support	Integrated Systems Solutions	\$ 4,750.00	\$ 277.50	\$ 1,198.00	
EFT04329	2/3/2022	JPW392-01	Emerging Constituents Program Social Media Support	JPW Communications	\$ 105,000.00	\$ 2,916.65	\$ 47,041.85	
EFT04342	2/10/2022	KSC384-02	MSAR Pathogen TMDL TF Regulatory Support	Kahn, Soares, & Conway	\$ 149,750.00	\$ 2,466.50	\$ 128,233.50	
EFT04342	2/10/2022	KSC374-02	Basin Monitoring Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 116,000.00	\$ 750.00	\$ 86,772.50	
EFT04342	2/10/2022	KSC392-02	Emerging Constituents Program TF Regulatory Support	Kahn, Soares, & Conway	\$ 46,500.00	\$ 900.00	\$ 41,322.50	
EFT04361	2/24/2022	RFC240-02	Inland Empire Brine Line Reserve Policy	Raftelis Financial Consultants	\$ 50,985.00	\$ 13,690.00	\$ 12,731.25	
EFT04341	2/10/2022	SOL100-11	Weather Modification Website Section	Sol Media	\$ 1,680.00	\$ 1,680.00	\$ -	
EFT04326	2/3/2022	TRU240-25	S-01 Solids Characterization	Trussell Technologies	\$ 13,100.00	\$ 947.66	\$ 722.09	Closed
EFT04326	2/3/2022	TRU240-26	Brine Line PFAS Assessment	Trussell Technologies	\$ 15,560.00	\$ 1,100.00	\$ 4,740.00	
EFT04347	2/17/2022	TRU240-25	S-01 Solids Characterization	Trussell Technologies	\$ 13,100.00	\$ 1,928.34	\$ 722.09	Closed
EFT04347	2/17/2022	TRU240-26	Brine Line PFAS Assessment	Trussell Technologies	\$ 15,560.00	\$ 1,620.00	\$ 4,740.00	
EFT04354	2/24/2022	WCA100-03-04	State Legislative Consulting Services	West Coast Advisors	\$ 240,000.00	\$ 9,750.00	\$ 93,750.00	
EFT04350	2/17/2022	WEST374-01	Workplan for Basin Monitoring Program TF Planning Priorities	West Yost & Associates	\$ 339,102.00	\$ 9,101.50	\$ 250,358.25	
EFT04365	2/24/2022	WEST374-01	Workplan for Basin Monitoring Program TF Planning Priorities	West Yost & Associates	\$ 339,102.00	\$ 13,240.00	\$ 209,801.50	
EFT04358	2/24/2022	RMC504-401-08	SARCCUP Program Mgmt. Services	Woodard & Curran	\$ 132,872.00	\$ 1,384.00	\$ 98,496.50	
					\$ 99,611.28			

COMMISSION MEMORANDUM NO. 2022.26

DATE: April 19, 2022
TO: SAWPA Commission
SUBJECT: Inter-Fund Borrowing – February 2022
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission receive and file the informational report on short-term, cash-flow inter-fund borrowing.

DISCUSSION

On December 13, 2005, the Commission approved Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. Staff was directed to bring back an accounting of the loans each month for review when the total exceeded \$250,000 in aggregate.

The following projects, with negative cash flow, are listed below with the amounts borrowed from SAWPA General Fund Reserves in February 2022. The total amount borrowed is over the aggregate \$250,000 amount recommended in Resolution No. 452, Inter-Fund and Inter-Project Loan Policy. The Commission has requested that this item be brought back each month as an informational item when the loan amount is over the \$250,000 aggregate amount.

Fund	Fund Name	01/31/2022 Balance	Loan Receipts	New Charges	02/28/2022 Balance
135	Proposition 84 Admin R2	86,061.35	(0.00)	(50.01)	86,011.34
145	Proposition 84 Admin R4	390,177.07	(0.00)	26,131.87	416,308.94
150	Proposition 1 – Admin	73,329.65	(31,215.10)	15,372.20	57,486.75
397	Energy – Water DAC	7,806.07	(2,395.34)	1,379.42	6,790.15
398	Proposition 1 – DACI Grant	47,840.90	(0.00)	0.00	47,840.90
477	LESJWA Administration	19,766.20	(21,097.29)	15,108.25	13,777.16
504	Prop 84 – Round I & II	(0.01)	0.00	.01	0.00
	Total Funds Borrowed	\$624,981.23	(\$54,707.73)	\$57,941.74	\$628,215.24
	General Fund Reserves Balance		\$2,388,283.49		
	Less Amount Borrowed		<u>628,215.24</u>		
	Balance of General Fund Reserves		\$1,760,068.25		

The following table lists each fund that has a negative cash flow, the source of funding for the fund, how often the fund is billed, and the projected rate of payment for the fund.

NEGATIVE CASH-FLOW FUNDS

Fund No.	Source of Funding	Billing Frequency	Projected Payment Time
135, 145,150 – Proposition 1 & 84 Admin	DWR – Prop 1 & 84 Grant	Monthly/Quarterly	Up to 4 months
397 – Energy – Water DAC	City of Riverside Grant	Quarterly	Up to 4 months
398 – Proposition 1 – DACI Grant	DWR – Prop 1 Grant	Monthly	Up to 4 months
477 – LESJWA Admin	Reimbursement from LESJWA	Monthly	2 to 4 weeks
504 – Proposition 84 SARCCUP Projects	DWR – Prop 84 Grant	Monthly/Quarterly	Up to 4 months

Fund 135

This fund is for the administration of Proposition 84 Round II grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 145

This fund is for the administration of Proposition 84 Round 2015 grant funds. These funds will be billed quarterly and 10% will be withheld for retention.

Fund 150

This fund is for the administration of Proposition 1 grant funds. Once the contract has been signed by DWR these funds will be billed quarterly and 10% will be withheld for retention.

Fund 397

This fund is for the transformative climate communities grant provided by a sub-recipient agreement between SAWPA and the City of Riverside. These funds will be billed on a quarterly basis.

Fund 398

This fund is for the Proposition 1 DACI grant project. These funds will be billed monthly and 10% will be withheld for retention.

Fund 477

Each month LESJWA is billed the cost for administering the JPA. Once the bill is received, LESJWA submits payment within two weeks.

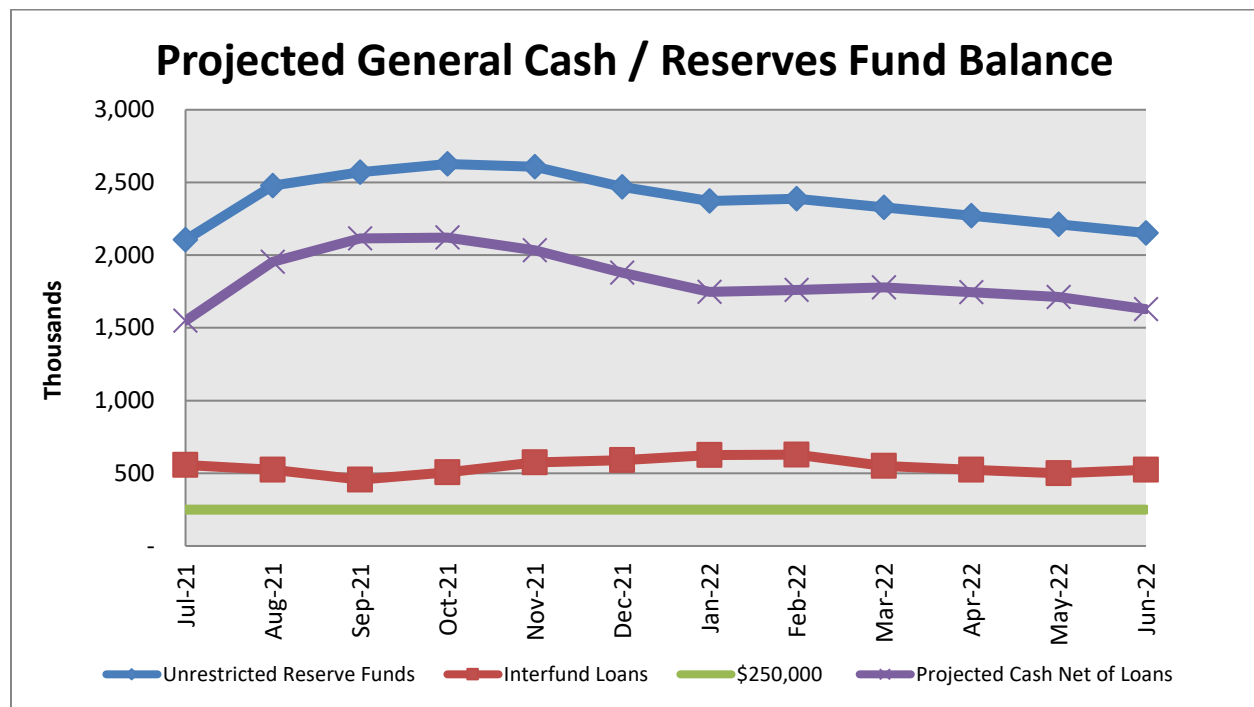
Fund 504

This fund is for the implementation of SARCCUP projects which are administered through PA22 and PA23.

The following graph shows the total budget, total project costs to date, and the amount remaining on each grant.

Fund	Fund Name	Total Budget	Costs Through 02/28/2022	Remaining Grant Budget
145	Proposition 84 Admin R4	\$3,213,384	\$(1,247,034)	\$1,966,350
150	Proposition 1 Admin	1,157,000	(158,300)	998,700
398	Proposition 1 – DACI Grant	6,300,000	(6,300,000)	-
504	Prop 84 – 2015 Round (SARCCUP)	1,543,810	(834,335)	709,475
505	Prop 1 – Round 1 Capital Projects	500,000	(223,297)	276,703
Totals		\$12,714,194	(\$8,762,966)	\$3,951,228

The following graph shows projected inter-fund loan balances, total unrestricted General Fund Reserves available for loans, and projected cash net of loans through June 2022. The projected loan balance is expected to remain over the \$250,000 aggregate limit through June 2022 because of Proposition 1 and 84 grants but can be covered by General Fund Reserves without a major impact on cash flow.



RESOURCE IMPACTS

The funds borrowed from the General Fund Reserves will be paid back with interest when the funding is received. Interfund loans for grants are not charged interest unless the grant contracts specifically states that interest is eligible for reimbursement. There is sufficient cash available to cover proposed borrowings and to pay budgeted expenditures for the General Fund.

Attachments:

1. Resolution No. 452 | Amending the Inter-Fund, Inter-Project and Inter-Agency Loan Policy

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RESOLUTION NO. 452

A RESOLUTION OF THE COMMISSION OF THE SANTA ANA WATERSHED PROJECT AUTHORITY AMENDING THE INTER-FUND, INTER-PROJECT AND INTER-AGENCY LOAN POLICY

WHEREAS, the Commission of the Santa Ana Watershed Project Authority (hereafter "SAWPA") previously adopted, by minute action taken on August 3, 1996, an "Inter-Fund/Inter-Project Loan Policy" to regulate loans from one SAWPA Fund or Project to another SAWPA Fund or Project; and

WHEREAS, the Commission desires to amend the "Inter-Fund Fund/Project Loan Policy" by formally adopting such Policy, by way of this Resolution, regulating how and in what manner such inter-fund or inter-project loans are to take place and mandating that all such loans require Commission approval in advance as contemplated by the policy adopted on August 3, 1996.

NOW, THEREFORE, BE IT RESOLVED that the Commission of the Santa Ana Watershed Project Authority hereby amends the following Loan Policy for any loan from one SAWPA Fund or Project to another SAWPA Fund or Project:

1. Loans from any SAWPA Fund or Project to another SAWPA Fund, Project or another public agency shall be approved in advance by the SAWPA Commission. The approval shall be in written format and include documentation of the specifics of the transaction. The approval shall include a finding that the loan will not expose the lending SAWPA Fund or Project to significant financial or operational risk.
2. Unless otherwise provided for by the Commission, the borrowing Fund, Project or public agency shall be required to repay the loan within a specific period of time and at a rate of interest as determined by the Commission. For the purposes of this policy, SAWPA's calculated quarterly rate of return may be used as the basis for interest payable on the outstanding principal for any loan. The period for repayment of the loan shall be determined by the Commission, but shall be no longer than the life of the lending Fund or Project.
3. The borrowing Fund's, Project's or public agency's repayment source shall be identified and included in the approval action by the Commission and the "loan documentation". The "loan documentation" shall include a written agreement, resolution or other document approved by the Commission setting forth all of the foregoing terms and conditions.

4. Loans to reimbursable SAWPA grant contract projects and related efforts for short-term (i.e., current fiscal year) operating cash flow purposes may be borrowed from the SAWPA General Fund Reserve without prior Commission approval. But all such loans shall be reported to the Commission within 30 days of each such loan. Such loans shall be paid off on a continuous basis. The total funds loaned for all such grant contract projects and related efforts shall not exceed \$250,000.00 in the aggregate for each fiscal year, without prior written approval by the Commission. Payment of interest will be based on the actual interest that would have been earned by the SAWPA General Fund Reserve had those funds not been borrowed. Cash flow and receivables will be reported at least quarterly to forecast needs and demonstrate compliance.
5. Prior to June 30th of each year, staff shall provide to the Commission an annual written report of all such Inter-fund, Inter-project or Inter-agency loans, amounts repaid and any outstanding loan balances.

ADOPTED this 13th day of December 2005.

SANTA ANA WATERSHED PROJECT AUTHORITY

By: *Mark W. Bulot*
Mark Bulot, Chair



COMMISSION MEMORANDUM NO. 2022.27

DATE: April 19, 2022
TO: SAWPA Commission
SUBJECT: Performance Indicators and Financial Reporting – February 2022
PREPARED BY: Karen Williams, DGM/CFO

RECOMMENDATION

It is recommended that the Commission receive and file staff's report.

DISCUSSION

The attached reports have been developed to keep the Commission informed as to SAWPA's business and budget performance. These reports are categorized into the following groups: financial reporting, cash and investments, and performance indicators. They are explained in detail below. As new reports are developed, they will be added for the Commission's review.

Financial Reporting

Balance Sheet by Fund Type	Lists total assets, liabilities, and equity by fund type for a given period.
Revenue & Expense by Fund Type	Lists total revenue and expenses by fund type for a given period.
Receivables Management	Shows total outstanding accounts receivable by age.
Open Task Order Schedule	Shows SAWPA's total outstanding obligation for open task orders.
List of SAWPA Funds	Shows each SAWPA Fund with the fund description and fund group.
Debt Service Funding Analysis	Shows total annual income by source used to make debt service payments through debt maturity at FYE 2048.
Debt Service Payment Schedule	Shows total debt service interest and principal payments through debt maturity at FYE 2048.

Cash and Investments

Total Cash and Investments (chart)	Shows the changes in cash and investments balance for the last twelve months.
Cash Balance & Source of Funds	Shows total cash and investments for all SAWPA funds and the types of investments held for each fund.
Cash & Investments (pie chart)	Shows total cash and investments for all SAWPA funds and the percentage of each investment type.
Reserve Account Analysis	Shows changes to each reserve account for the year and projected ending balance for each.

Twelve Month Security Schedule (chart)	Shows the maturity dates for securities held and percentage of securities in each category.
Treasurer's Report	Shows book and market value for both Treasury strips and securities held by the Agency.

Performance Indicators

Average Daily Flow by Month	Shows total flow in the Brine Line System by month compared to total treatment capacity owned. This is an indicator of the available capacity in the line. As we add yearly flows, it will show trends in flow throughout the year.
Summary of Labor Multipliers	Summarizes the information generated from the following two reports and compares the actual benefit and Indirect Cost Allocation rates to the total budgeted rates.
General Fund Costs	Lists total Fund No. 100 costs to date and the amount of those costs recovered through the Indirect Cost Allocation and member contributions.
Benefit Summary	Lists total employee benefit costs actual to budget and projects them through the end of the year. This report compares how the actual benefit rate compares to the budgeted rate.
Labor Hours Budget vs. Actual	Shows total budgeted hours for each project and compares them to the actual hours charged to each.

RESOURCE IMPACTS

Staff expects minimal impacts to SAWPA or its member agencies related to this effort.

Attachments:

- | | |
|---------------------------------------|---|
| 1. Balance Sheet by Fund Type | 10. Reserve Account Analysis |
| 2. Revenue & Expense by Fund Type | 11. Twelve-Month Maturity Schedule - Securities |
| 3. Accounts Receivable Aging Report | 12. Treasurer's Report |
| 4. Open Task Order Schedule | 13. Average Daily Flow by Month |
| 5. List of SAWPA Funds | 14. Summary of Labor Multipliers |
| 6. Debt Service Funding Analysis | 15. General Fund Costs |
| 7. Debt Service Payment Schedule | 16. Benefits |
| 8. Total Cash and Investments (chart) | 17. Labor Hours Budgeted vs. Actual |
| 9. Cash Balance & Source of Funds | |

Santa Ana Watershed Project Authority
Balance Sheet by Fund Type
For the Seven Months Ending Monday, January 31, 2022

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
Assets						
Current Assets						
Cash and Investments	\$3,119,756.62	\$53,187,981.73	(\$3,364.37)	\$1,904,842.34	\$2,776,226.63	\$60,985,442.95
Accounts Receivable	(96.00)	1,947,722.43	0.00	6,058,368.23	73,721.79	8,079,716.45
Prepays and Deposits	25,465.45	37,194.80	0.00	0.00	0.00	62,660.25
Total Current Assets	<u>3,145,126.07</u>	<u>55,172,898.96</u>	<u>(3,364.37)</u>	<u>7,963,210.57</u>	<u>2,849,948.42</u>	<u>69,127,819.65</u>
Fixed Assets						
Property, Plant & Equipment less accum depreciation	1,381,628.20	75,066,006.92	0.00	0.00	0.00	76,447,635.12
Work In Process	0.00	0.00	389,473.60	0.00	0.00	389,473.60
Total fixed assets	<u>1,381,628.20</u>	<u>75,066,006.92</u>	<u>389,473.60</u>	<u>0.00</u>	<u>0.00</u>	<u>76,837,108.72</u>
Other Assets						
Wastewater treatment/disposal rights, net of amortization	0.00	22,044,853.67	0.00	0.00	0.00	22,044,853.67
Inventory - Mitigation Credits	0.00	0.00	0.00	0.00	1,910,560.00	1,910,560.00
Total Other Assets	<u>0.00</u>	<u>22,044,853.67</u>	<u>0.00</u>	<u>0.00</u>	<u>1,910,560.00</u>	<u>23,955,413.67</u>
Total Assets	<u><u>\$4,526,754.27</u></u>	<u><u>\$152,283,759.55</u></u>	<u><u>\$386,109.23</u></u>	<u><u>\$7,963,210.57</u></u>	<u><u>\$4,760,508.42</u></u>	<u><u>\$169,920,342.04</u></u>
Liabilities and Fund Equity						
Current Liabilities						
Accounts Payable/Accrued Expenses	\$625,493.00	\$1,204,219.90	\$0.00	\$5,354,050.35	\$125,669.11	\$7,309,432.36
Accrued Interest Payable	0.00	221,831.90	0.00	0.00	0.00	221,831.90
Customer Deposits	0.00	17,856.22	0.00	0.00	467,089.79	484,946.01
Noncurrent Liabilities						
Long-term Debt	2,271,166.00	23,828,665.23	0.00	0.00	0.00	26,099,831.23
Deferred Revenue	0.00	62,678,671.50	0.00	0.00	0.00	62,678,671.50
Total Liabilities	<u>2,896,659.00</u>	<u>87,951,244.75</u>	<u>0.00</u>	<u>5,354,050.35</u>	<u>592,758.90</u>	<u>96,794,713.00</u>
Fund Equity						
Contributed Capital	0.00	20,920,507.03	0.00	0.00	0.00	20,920,507.03
Retained Earnings	2,305,948.25	43,842,307.95	389,473.60	2,071,139.48	3,797,623.73	52,406,493.01
Revenue Over/Under Expenditures	(675,852.98)	(430,300.18)	(3,364.37)	538,020.74	370,125.79	(201,371.00)
Total Fund Equity	<u>1,630,095.27</u>	<u>64,332,514.80</u>	<u>386,109.23</u>	<u>2,609,160.22</u>	<u>4,167,749.52</u>	<u>73,125,629.04</u>
Total Liabilities & Fund Equity	<u><u>\$4,526,754.27</u></u>	<u><u>\$152,283,759.55</u></u>	<u><u>\$386,109.23</u></u>	<u><u>\$7,963,210.57</u></u>	<u><u>\$4,760,508.42</u></u>	<u><u>\$169,920,342.04</u></u>

Santa Ana Watershed Project Authority
Revenue & Expenses by Fund Type
For the Seven Months Ending Monday, January 31, 2022

	General Fund	Brine Line Enterprise	Capital Projects	OWOW Projects	Roundtable Projects	Fund Totals
Operating Revenue						
Discharge Fees	\$0.00	\$7,189,036.37	\$0.00	\$0.00	\$0.00	\$7,189,036.37
Grant Proceeds	0.00	0.00	0.00	(2,355,715.51)	0.00	(2,355,715.51)
Financing Proceeds	0.00	0.00	0.00	0.00	123,663.56	123,663.56
Total Operating Revenue	0.00	7,189,036.37	0.00	(2,355,715.51)	123,663.56	4,956,984.42
Operating Expenses						
Labor	886,501.09	634,347.29	1,118.11	273,338.31	90,796.35	1,886,101.15
Benefits	260,310.94	251,201.48	442.76	108,241.96	35,955.36	656,152.50
Indirect Costs	0.00	1,023,202.19	1,803.50	440,894.74	146,454.56	1,612,354.99
Education & Training	11,578.24	1,113.13	0.00	0.00	0.00	12,691.37
Consulting & Professional Services	166,986.59	50,883.90	0.00	177,063.80	561,032.05	955,966.34
Operating Costs	644.60	1,839,680.03	0.00	0.00	0.00	1,840,324.63
Repair & Maintenance	36,766.22	98,536.76	0.00	0.00	0.00	135,302.98
Phone & Utilities	36,734.55	6,956.69	0.00	0.00	0.00	43,691.24
Equipment & Computers	133,394.47	43,225.78	0.00	49.47	0.00	176,669.72
Meeting & Travel	14,484.06	0.00	0.00	0.00	25.00	14,509.06
Other Administrative Costs	105,005.07	58,459.27	0.00	17,955.00	10,534.20	191,953.54
Indirect Costs Applied	(1,627,144.82)	0.00	0.00	0.00	0.00	(1,627,144.82)
Other Expenses	42,493.45	288,874.10	0.00	0.00	0.00	331,367.55
Construction	0.00	0.00	0.00	(2,748,611.54)	0.00	(2,748,611.54)
Total Operating Expenses	67,754.46	4,296,480.62	3,364.37	(1,731,068.26)	844,797.52	3,481,328.71
Operating Income (Loss)	(67,754.46)	2,892,555.75	(3,364.37)	(624,647.25)	(721,133.96)	1,475,655.71
Nonoperating Income (Expense)						
Member Contributions	716,845.00	0.00	0.00	845,000.00	20,000.00	1,581,845.00
Other Agency Contributions	0.00	0.00	0.00	501,414.10	1,064,375.00	1,565,789.10
Interest Income	11,374.17	140,854.60	0.00	3,255.37	6,884.75	162,368.89
Interest Expense - Debt Service	0.00	(299,932.23)	0.00	0.00	0.00	(299,932.23)
Other Income	889.22	400.58	0.00	0.00	0.00	1,289.80
Retiree Medical Benefits	(62,330.76)	0.00	0.00	0.00	0.00	(62,330.76)
Total Nonoperating Income (Expense)	666,777.63	(158,677.05)	0.00	1,349,669.47	1,091,259.75	2,949,029.80
Excess Rev over (under) Exp	\$599,023.17	\$2,733,878.70	(\$3,364.37)	\$725,022.22	\$370,125.79	\$4,424,685.51

Aging Report
 Santa Ana Watershed Project Authority
 Receivables as of February 28, 2022

Customer Name	Project	Total	0-30 Days	31-60 Days	61 and Over
Chino Basin Desalter Authority	Brine Line	167,249.69	156,328.40	167,249.69	
Department of Water Resources	Prop 84, Prop 1	5,981,961.89			5,981,961.89
Eastern Municipal Water District	Brine Line	219,470.06	186,030.37	219,470.06	
Inland Empire Utilities Agency	Brine Line	372,691.00	97,758.35	89,658.44	185,274.21
Rialto BioEnergy	Brine Line	8,896.88	8,896.88		
Riverside, City of	Basin Monitoring	11,641.50			11,641.50
RIX	Emerging Constituents, Basin Monitoring	31,976.00			31,976.00
San Bernardino Valley Municipal Water District	Brine Line	131,005.36	124,136.29	131,005.36	
Western Municipal Water District	Brine Line, Prop 1 Local Cost Share	755,353.81	398,582.60	356,771.21	
Total Accounts Receivable		7,680,246.19	971,732.89	964,154.76	6,210,853.60

Santa Ana Watershed Project Authority
Open Task Orders Schedule
Feb-22
(Reflects Invoices Received as of 03/16/22)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
ACS100-23	100-00	Accent Computer Solutions	IT Services	10/01/2021	12/31/2022	\$ 107,375.00	\$ -	\$ 107,375.00	\$ 36,400.54	\$ 70,974.46	Dean Unger	
ACS100-24	100-00	Accent Computer Solutions	Multi-Factor Authentication and Wireless Network Configuration	02/01/2022	12/31/2022	\$ 8,225.00	\$ -	\$ 8,225.00	\$ 2,043.15	\$ 6,181.85	Dean Unger	
BART100-07	100-00	Bartel & Associates	2022 GASB 68 Actuarial Information for CalPERS Cost Sharing	04/01/2022	12/31/222	\$ 1,500.00	\$ -	\$ 1,500.00	\$ -	\$ 1,500.00	Karen Williams	
GPA100-01	100-00	Gillis & Panichapan Architects	SAWPA Building Renovations	10/13/2020	06/30/2022	\$ 45,200.00	\$ -	\$ 45,200.00	\$ 27,566.76	\$ 17,633.24	Edina Goode	
INSOL100-17	100-00	Integrated Systems Solutions	Great Plains and Journyx Tech Support	07/01/2021	06/30/2022	\$ 4,750.00	\$ -	\$ 4,750.00	\$ 3,552.00	\$ 1,198.00	Dean Unger	
KON100-08	100-00	Konica Minolta	Copiers and Scanners Lease	01/15/2021	01/15/2025	\$ 29,040.00	\$ -	\$ 29,040.00	\$ 8,674.12	\$ 20,365.88	Dean Unger	
LSGK100-10	100-00	Lagerlof, LLP	Legal Services	07/01/2021	06/30/2022	\$ 99,830.00	\$ -	\$ 99,830.00	\$ 33,469.50	\$ 66,360.50	Jeff Mosher	
BMH100-01	100-03	Bell, McAndrews, & Hiltachk	FPPC Lobby Reporting	07/01/2021	06/30/2022	\$ 1,200.00	\$ -	\$ 1,200.00	\$ 980.00	\$ 220.00	Karen Williams	
WCA100-03-04	100-03	West Coast Advisors	State Legislative Consulting	09/15/2020	12/21/2022	\$ 240,000.00	\$ -	\$ 240,000.00	\$ 146,250.00	\$ 93,750.00	Jeff Mosher	
WO2022-4	240	E S Babcock	Water Quality Analysis & Sampling	07/01/2021	06/30/2022	\$ 75,625.00	\$ -	\$ 75,625.00	\$ 41,765.89	\$ 33,859.11	David Ruhl	
WO2022-18	240	E S Babcock	PFAS Water Quality Analysis	07/01/2021	06/30/2022	\$ 8,460.00	\$ -	\$ 8,460.00	\$ 8,460.00	\$ -	David Ruhl	
DOUG240-04	240	Douglas Environmental	On-Call Brine Line Flow Meter Calibration	07/01/2021	06/30/2023	\$ 24,575.00	\$ -	\$ 21,575.00	\$ 6,485.00	\$ 15,090.00	David Ruhl	
DOW240-02	240	Downstream Services	Brine Line Pipe Cleaning Services	07/01/2020	06/30/2022	\$ 210,476.00	\$ -	\$ 210,476.00	\$ 50,391.24	\$ 160,084.76	David Ruhl	
DUDK240-06	240	Dudek	Reach V Line Failure at Pasadena Street	12/18/2021	03/31/2022	\$ 5,000.00	\$ -	\$ 5,000.00	\$ -	\$ 5,000.00	David Ruhl	
HAZ240-11	240	Haz Mat Trans Inc	Line Draining & Emergency Response	07/01/2021	06/30/2023	\$ 139,360.00	\$ -	\$ 139,360.00	\$ 37,021.25	\$ 102,338.75	David Ruhl	
HAZ240-12	240	Haz Mat Trans Inc	BL Debris Hauling & Disposal Services	07/01/2021	06/30/2023	\$ 63,990.00	\$ -	\$ 63,990.00	\$ -	\$ 63,990.00	David Ruhl	
WO2022-5	240	Inland Empire Utilities Agency	Reach 4A Upper - BL Maintenance	07/01/2021	06/30/2022	\$ 10,000.00	\$ -	\$ 10,000.00	\$ -	\$ 10,000.00	David Ruhl	
INN240-04	240	Innerline Engineering	Brine Line On-Call Inspection Services	07/01/2021	06/30/2023	\$ 99,050.00	\$ -	\$ 99,050.00	\$ 1,992.66	\$ 97,057.34	David Ruhl	
RFC240-02	240	Raftelis Finacial Consulting	Inland Empire Brine Line Reserve Policy	11/01/2021	06/30/2022	\$ 50,895.00	\$ -	\$ 50,895.00	\$ 38,163.75	\$ 12,731.25	David Ruhl	
TKE240-03	240	TKE Engineering & Planning	On-Call Brine Line Land Surveying	07/01/2021	06/30/2023	\$ 36,800.00	\$ -	\$ 36,800.00	\$ -	\$ 36,800.00	David Ruhl	
TRU240-26	240	Trussell Technologies	Brine Line PFAS Assessment	05/11/2021	06/30/2022	\$ 15,560.00	\$ -	\$ 15,560.00	\$ 10,820.00	\$ 4,740.00	David Ruhl	
CES370-01	370-01	Catalyst Environmental Solutions	SAR Watershed Weather Modification Pilot Program CEQA	11/01/2021	06/30/2022	\$ 63,271.58	\$ -	\$ 63,271.58	\$ 50,621.50	\$ 12,650.08	Mark Norton	
JMC373-03	373	JM Consultants	Roundtable of Regions Network Coordinator	07/01/2021	06/30/2022	\$ 72,900.00	\$ -	\$ 72,900.00	\$ 35,739.60	\$ 37,160.40	Ian Achimore	
KSC374-02	374	Kahn, Soares, & Conway	Basin Monitoring TF Regulatory Support	07/01/2021	06/30/2023	\$ 116,000.00	\$ -	\$ 116,000.00	\$ 29,227.50	\$ 86,772.50	Mark Norton	
WEST374-01	374	West Yost	Workplan for Basin Monitoring Program TF Planning	07/01/2021	06/30/2022	\$ 339,102.00	\$ -	\$ 339,102.00	\$ 129,300.50	\$ 209,801.50	Mark Norton	218
SAWA381-01	381	Santa Ana Watershed Association	Van Buren Bridge Sucker Restoration	09/26/2018	12/31/2022	\$ 15,130.20	\$ 5,228.00	\$ 20,358.20	\$ 19,946.00	\$ 412.20	Ian Achimore	

Santa Ana Watershed Project Authority
Open Task Orders Schedule
Feb-22
(Reflects Invoices Received as of 03/16/22)

Task Order No. Project Contracts	Fund No.	Vendor Name	Task Description	Begin Date	End Date	Original Contract	Change Orders	Total Contract	Billed To Date	Contract Balance	SAWPA Manager	Comments
KSC384-02	384-01	Kahn, Soares, & Conway	MSAR Pathogen TMDL TF Regulatory Support	07/01/2021	06/30/2023	\$ 149,750.00	\$ -	\$ 149,750.00	\$ 21,516.50	\$ 128,233.50	Mark Norton	
CDM386-16	386	CDM Smith	Implementation of SAR Regional Bacteria Monitoring Program	01/01/2021	06/30/2024	\$ 1,070,535.00	\$ -	\$ 1,070,535.00	\$ 297,493.82	\$ 773,041.18	Rick Whetsel	
GEI386-01	386	GEI Consultants	Homeless Encampment - Phase 1A Water Quality Monitoring	07/01/2021	12/31/2022	\$ 119,514.00	\$ -	\$ 119,514.00	\$ 77,522.11	\$ 41,991.89	Rick Whetsel	
JPW392-01	392	JPW Communications	Emerging Constituents Program Social Media Support	07/01/2020	06/30/2023	\$ 105,000.00	\$ -	\$ 105,000.00	\$ 57,958.15	\$ 47,041.85	Mark Norton	
KSC392-02	392	Kahn, Soares, & Conway	Emerging Constituents Program TF Regulatory Support	07/01/2021	06/30/2023	\$ 46,500.00	\$ -	\$ 46,500.00	\$ 5,177.50	\$ 41,322.50	Mark Norton	
QUAN504-01	504-04	Quantum Spatial, Inc.	Water Efficiency Budget Assistance	02/10/2021	02/28/2023	\$ 594,387.00	\$ -	\$ 594,387.00	\$ -	\$ 594,387.00	Ian Achimore	
RMC504-401-08	504-04	Woodard & Curran	SARCCUP Program Mgmt. Services	07/01/2021	06/30/2022	\$ 132,872.00	\$ -	\$ 132,872.00	\$ 34,375.50	\$ 98,496.50	Ian Achimore	
GEO505-01	505-00	Geophex, Ltd.	2021 Imagery Acquisition Project	04/27/2021	04/15/2022	\$ 210,353.00	\$ -	\$ 210,353.00	\$ 178,130.00	\$ 32,223.00	Rick Whetsel	
										<u>\$ 2,923,409.24</u>		

LIST OF SAWPA FUNDS

Fund No.	Fund Description	Fund Group
100-00	General Fund	General
100-03	State Outreach	General
100-04	Federal Outreach	General
100-05	Grant Applications	General
130	Proposition 84 – Program Management - Round 1	OWOW
135	Proposition 84 – Program Management – Round 2	OWOW
140	Proposition 84 – Program Management – Drought Round	OWOW
145	Proposition 84 – Program Management – 2015 Round	OWOW
150	Proposition 1 – Program Management	OWOW
240	Brine Line Enterprise	Brine Line
320-01	Brine Line Protection – Downstream Prado	Capital Projects
320-03	Brine Line Protection Above Prado	Capital Projects
320-04	Brine Line Protection D/S Prado in Riverside County	Capital Projects
327	Reach IV-D Corrosion Repair	Capital Projects
370-01	Basin Planning General	OWOW
370-02	USBR Partnership Studies	OWOW
372	Imported Water Recharge Work Group	Roundtable
373	Watershed Management (OWOW)	OWOW
374	Basin Monitoring Program Task Force	Roundtable
381	Santa Ana River Fish Conservation	Roundtable
384-01	MSAR TMDL Task Force	Roundtable
386	Regional Water Quality Monitoring Task Force	Roundtable
387	Arundo Management & Habitat Restoration	Roundtable
392	Emerging Constituents Task Force	Roundtable
397	Energy – Water DAC Grant Project	OWOW
398	Proposition 1 - DACI	OWOW
477	LESJWA Administration	Roundtable
504-01	Proposition 84 – Capital Projects Round 1 & 2	OWOW
504-00	Proposition 84 – Drought Capital Projects	OWOW
504-04	Proposition 84 – Final Round SARCCUP	OWOW
505-00	Proposition 1 – Capital Projects	OWOW

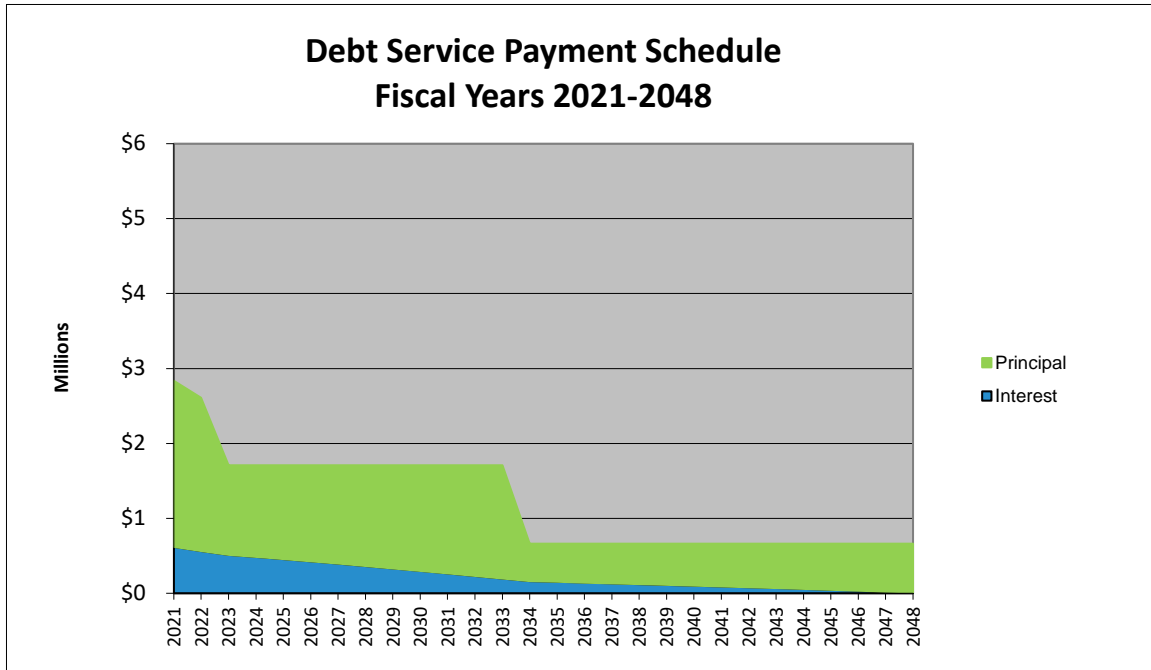
Santa Ana Watershed Project Authority
 Brine Line Debt Service Funding Analysis
 February 28, 2022

FYE	T-Strip Maturity	Capacity Loan Receipts	Rates	Loan Pymts	Interest Earned *	Excess Cash	Ending Cash Balance
	Beginning Balance						3,712,038
2022	-	-	1,709,476	(2,608,439)	74,241	(824,722)	2,887,316
2023	-	-	1,709,476	(1,709,476)	44,442	44,442	2,931,758
2024	-	-	1,709,476	(1,709,476)	45,331	45,331	2,977,089
2025	-	-	1,709,476	(1,709,476)	46,238	46,238	3,023,327
2026	-	-	1,709,476	(1,709,476)	47,162	47,162	3,070,489
2027	-	-	1,709,476	(1,709,476)	48,106	48,106	3,118,595
2028	-	-	1,709,476	(1,709,476)	49,068	49,068	3,167,663
2029	-	-	1,709,476	(1,709,476)	50,049	50,049	3,217,712
2030	-	-	1,709,476	(1,709,476)	51,050	51,050	3,268,762
2031	-	-	1,709,476	(1,709,476)	52,071	52,071	3,320,834
2032	-	-	1,709,476	(1,709,476)	53,113	53,113	3,373,946
2033	-	-	1,709,476	(1,709,476)	54,175	54,175	3,428,121
2034	-	-	665,203	(665,203)	55,258	55,258	3,483,379
2035	-	-	665,203	(665,203)	56,364	56,364	3,539,744
2036	-	-	665,203	(665,203)	57,491	57,491	3,597,234
2037	-	-	665,203	(665,203)	58,641	58,641	3,655,875
2038	-	-	665,203	(665,203)	59,813	59,813	3,715,688
2039	-	-	665,203	(665,203)	61,010	61,010	3,776,697
2040	-	-	665,203	(665,203)	62,230	62,230	3,838,927
2041	-	-	665,203	(665,203)	63,474	63,474	3,902,402
2042	-	-	665,203	(665,203)	64,744	64,744	3,967,146
2043	-	-	665,203	(665,203)	66,039	66,039	4,033,185
2044	-	-	665,203	(665,203)	67,360	67,360	4,100,544
2045	-	-	665,203	(665,203)	68,707	68,707	4,169,251
2046	-	-	665,203	(665,203)	70,081	70,081	4,239,332
2047	-	-	665,203	(665,203)	71,483	71,483	4,310,815
2048	-	-	665,203	(665,203)	72,912	72,912	4,383,727
	-	-	30,491,747	(31,390,710)	1,570,652	671,689	-

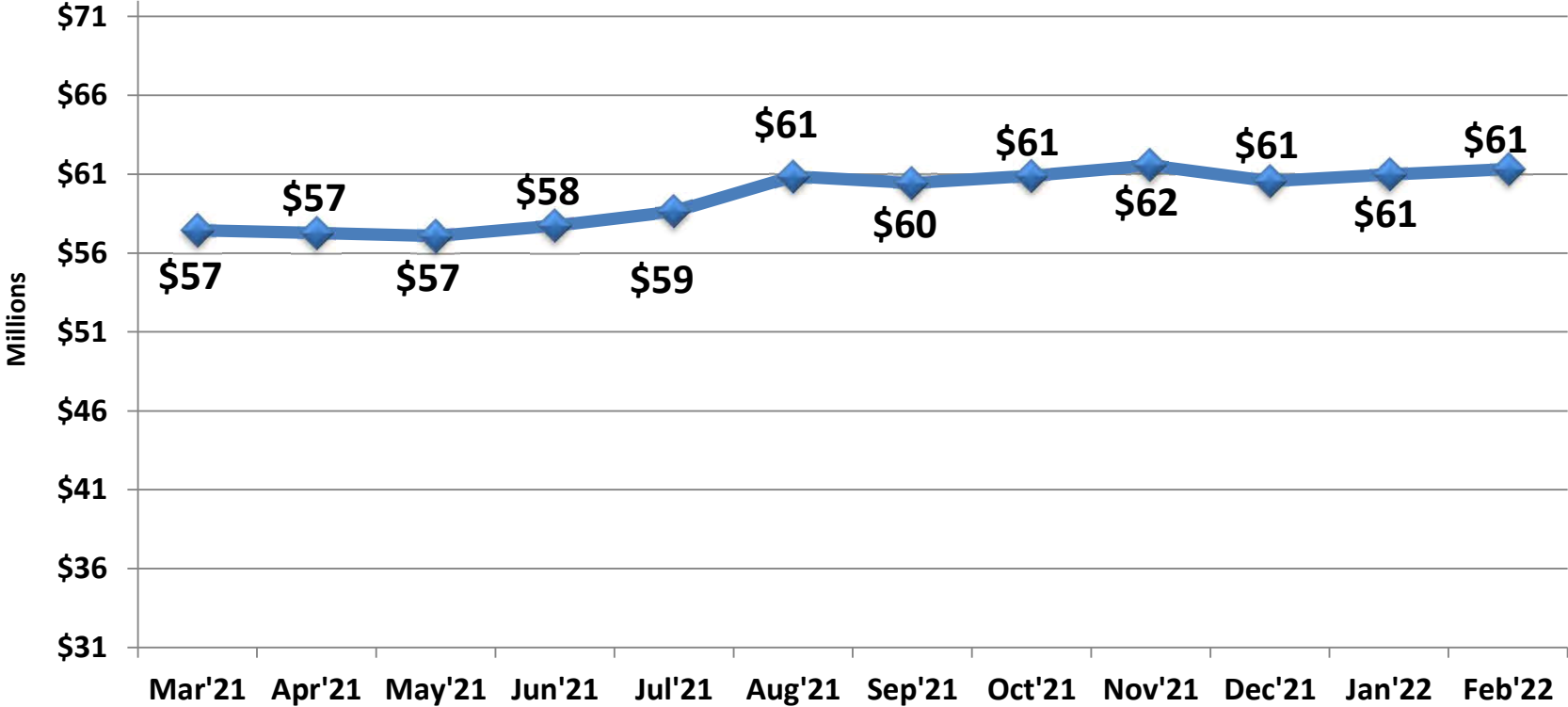
*Interest earned is based on a conservative 1.00% average return over the period

Santa Ana Watershed Project Authority
 Brine Line Debt Service Funding Analysis
 February 28, 2022

FYE	Interest	Principal	Total Payment	New SRF Loan	Remaining Principal
2021	620,782	2,214,971	2,835,753	-	25,471,969
2022	564,959	2,043,480	2,608,439	-	23,428,489
2023	514,301	1,195,175	1,709,476	-	22,233,314
2024	486,080	1,223,395	1,709,476	-	21,009,919
2025	457,181	1,252,295	1,709,476	-	19,757,624
2026	427,585	1,281,891	1,709,476	-	18,475,733
2027	397,276	1,312,199	1,709,476	-	17,163,534
2028	366,237	1,343,239	1,709,476	-	15,820,295
2029	334,449	1,375,027	1,709,476	-	14,445,268
2030	301,894	1,407,582	1,709,476	-	13,037,686
2031	268,553	1,440,923	1,709,476	-	11,596,763
2032	234,407	1,475,068	1,709,476	-	10,121,694
2033	199,437	1,510,039	1,709,476	-	8,611,656
2034	163,621	501,581	665,203	-	8,110,075
2035	154,091	511,111	665,203	-	7,598,964
2036	144,380	520,822	665,203	-	7,078,141
2037	134,485	530,718	665,203	-	6,547,424
2038	124,401	540,801	665,203	-	6,006,622
2039	114,126	551,077	665,203	-	5,455,545
2040	103,655	561,547	665,203	-	4,893,998
2041	92,986	572,217	665,203	-	4,321,782
2042	82,114	583,089	665,203	-	3,738,693
2043	71,035	594,167	665,203	-	3,144,526
2044	59,746	605,457	665,203	-	2,539,069
2045	48,242	616,960	665,203	-	1,922,109
2046	36,520	628,682	665,203	-	1,293,427
2047	24,575	640,627	665,203	-	652,799
2048	12,403	652,799	665,203	-	(0)



Total Cash & Investments





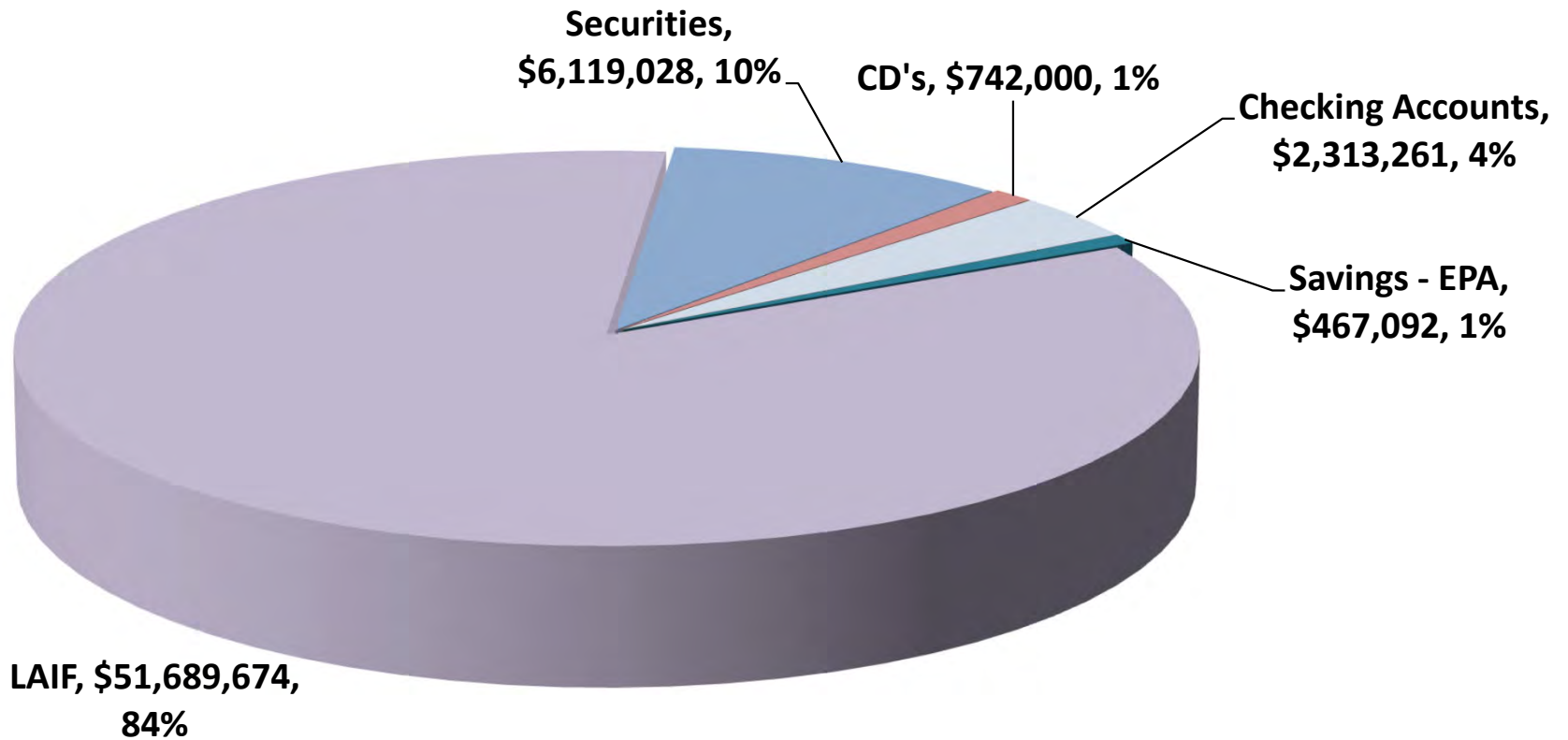
CASH BALANCE & SOURCE OF FUNDS

February 28, 2022

Reserve Accounts		Cash and Investments						
	Total	Checking (Cash)	LAIF Account	Savings EPA	Investment Securities	Certificates of Deposit	Total	
100	General Fund	\$ 1,760,068	1,760,068	-	-	-	\$ 1,760,068	
100	Building Reserve	\$ 746,215	-	746,215	-	-	\$ 746,215	
370	Basin Planning General	\$ 314,926	-	314,926	-	-	\$ 314,926	
370	USBR Partnership Studies	\$ 62,025	-	62,025	-	-	\$ 62,025	
373	Watershed Management Plan	\$ 558,805	-	558,805	-	-	\$ 558,805	
240	Self Insurance Reserve	\$ 4,321,376	-	4,321,376	-	-	\$ 4,321,376	
240	Brine Line Debt Retirement	\$ 2,827,377	-	2,827,377	-	-	\$ 2,827,377	
240	Brine Line - Pipeline Replacement	\$ 22,569,170	-	15,708,142	-	6,119,028	\$ 22,569,170	
240	Brine Line - OC San Rehabilitation	\$ 2,387,790	-	2,387,790	-	-	\$ 2,387,790	
240	Brine Line - Capacity Management	\$ 12,024,280	-	12,024,280	-	-	\$ 12,024,280	
240	Brine Line - OC San Future Capacity	\$ 1,840,956	-	1,840,956	-	-	\$ 1,840,956	
240	Brine Line - Flow Imbalance Reserve	\$ 84,506	-	84,506	-	-	\$ 84,506	
240	Brine Line - Rate Stabilization Reserve	\$ 1,031,621	-	1,031,621	-	-	\$ 1,031,621	
240	Brine Line - Operating Reserve	\$ 6,599,993	553,193	6,046,800	-	-	\$ 6,599,993	
401	Legal Defense Fund	\$ 467,092	-	-	467,092	-	\$ 467,092	
374	Basin Monitoring Program TF	\$ 517,391	-	517,391	-	-	\$ 517,391	
381	SAR Fish Conservation	\$ 113,236	-	113,236	-	-	\$ 113,236	
384	Middle SAR TMDL TF	\$ 405,859	-	405,859	-	-	\$ 405,859	
386	RWQ Monitoring TF	\$ 238,337	-	238,337	-	-	\$ 238,337	
387	Mitigation Bank Credits	\$ 864,144	-	864,144	-	-	\$ 864,144	
392	Emerging Constituents TF	\$ 118,690	-	118,690	-	-	\$ 118,690	
504	Prop 84 - SARCCUP Projects	\$ 921,009	-	921,009	-	-	\$ 921,009	
505	Prop 1 - Capital Projects	\$ 556,188	-	556,188	-	-	\$ 556,188	
		\$ 61,331,055	\$ 2,313,261	\$ 51,689,674	\$ 467,092	\$ 6,119,028	\$ 742,000	\$ 61,331,055

Cash & Investments - February 2022

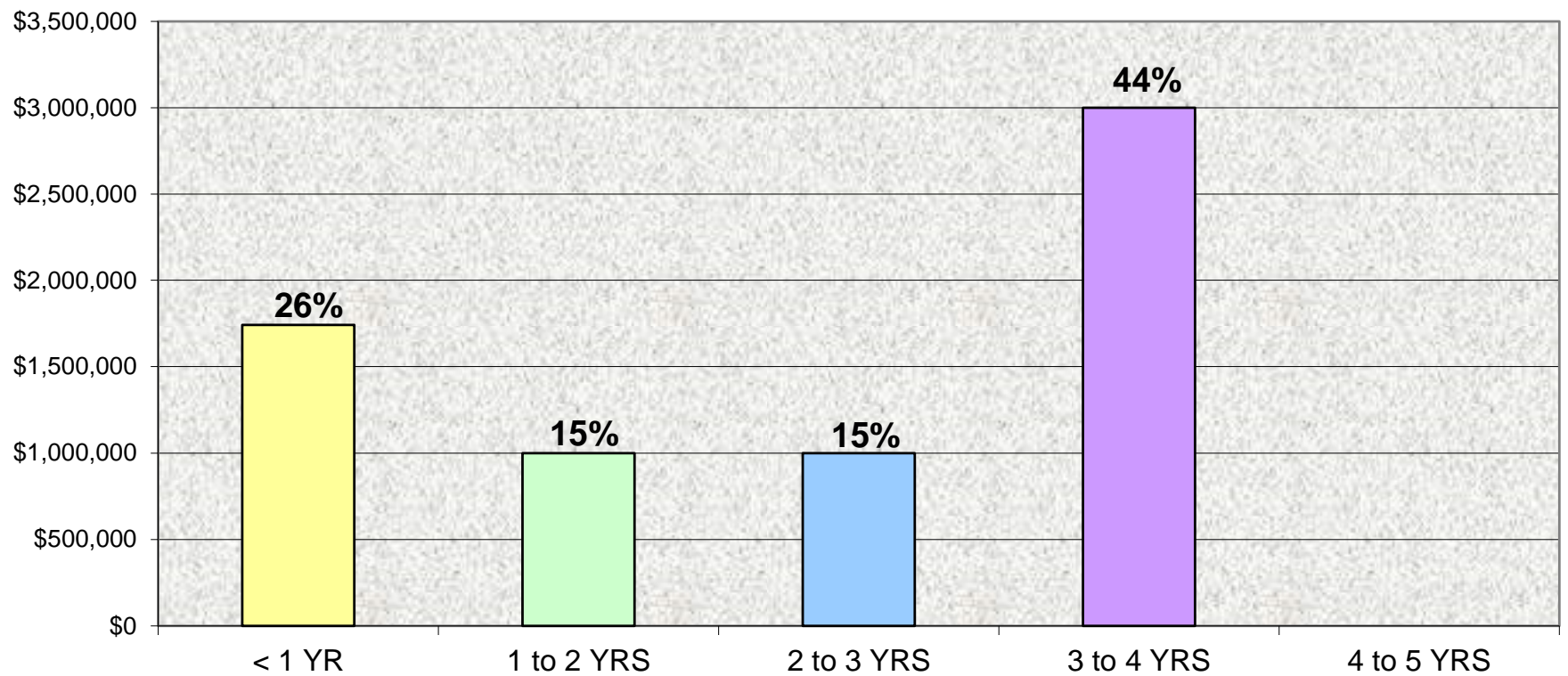
\$61,331,055



Santa Ana Watershed Project Authority
Reserve Account Analysis
February 28, 2022

Reserve Account	Balance @ 6/30/2021	Interest Earned	Fund Receipts/ Contributions	Debt Service Payments	Inter-Fund Loans	Fund Expenses	Balance @ 2/28/2022	Estimated Fund Changes	Balance @ 6/30/2022
Brine Line Operating Reserve	3,672,578	17,641	8,315,703			(5,405,929)	6,599,993	-	6,599,993
Flow Imbalance Reserve	83,681	351	473				84,506	-	84,506
OC San Future Capacity	1,833,264	7,692					1,840,956	-	1,840,956
Capacity Management	11,981,707	42,573					12,024,280	-	12,024,280
Rate Stabilization Reserve	1,027,311	4,310					1,031,621	-	1,031,621
Pipeline Replacement	21,889,082	64,265	619,187			(3,364)	22,569,170	(1,473,924)	21,095,246
OC San Rehabilitation	2,377,813	9,977					2,387,790	-	2,387,790
Debt Retirement	3,712,038	14,302		(898,963)			2,827,377	-	2,827,377
Self Insurance	4,494,364	18,841				(191,829)	4,321,376	-	4,321,376
General Fund	2,163,987	12,838	735,037		(628,215)	(523,579)	1,760,068	-	1,760,068
Building Reserve	643,260	2,955	100,000				746,215	-	746,215
	53,879,085	195,746	9,770,400	(898,963)	(628,215)	(6,124,701)	56,193,352	(1,473,924)	54,719,428

Twelve Month Maturity Schedule Securities

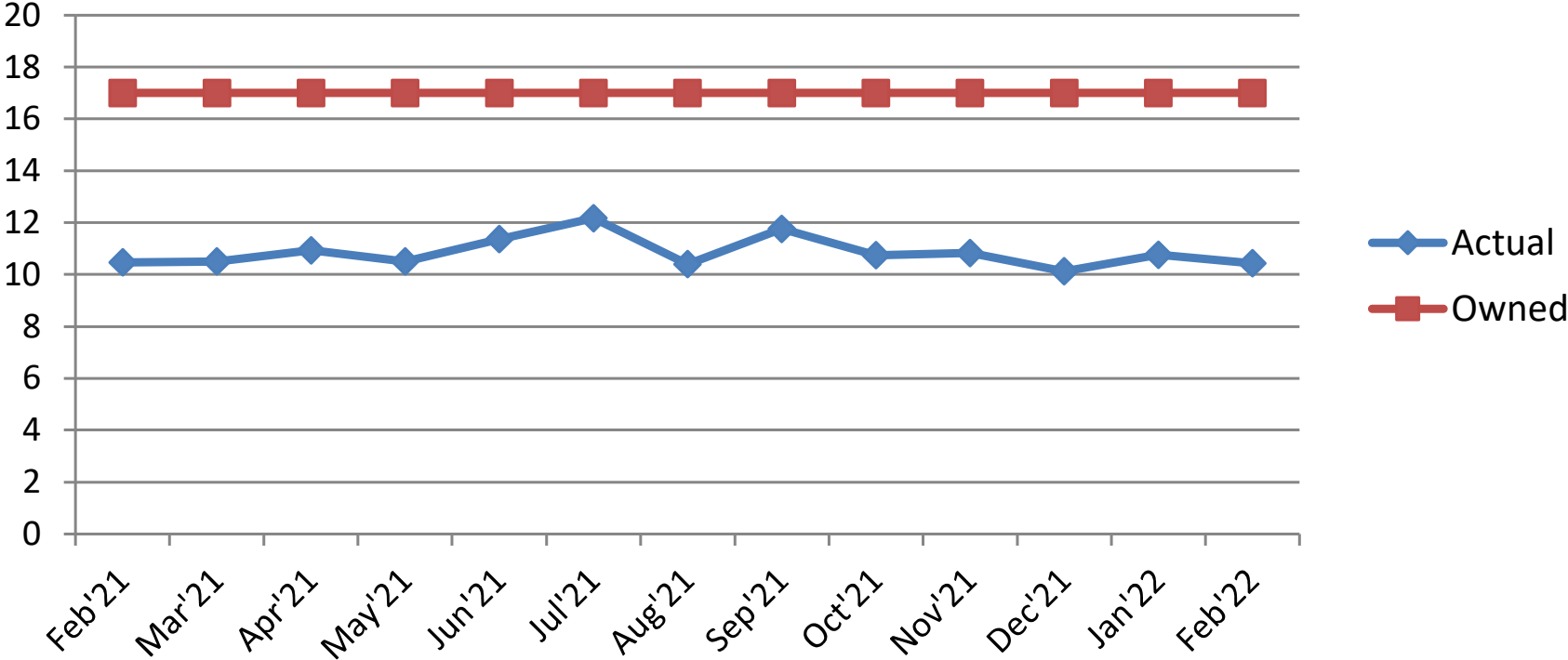


SAWPA
TREASURER'S REPORT
As of February 28, 2022

Investment Commercial
Safekeeping US Bank

Type	Security	Purchase Date	Maturity Date	Unit Cost	Cost	Principal	Current Value	Market Value	Interest Rate
Agency	FHLB	12/14/2017	6/10/2022	99.89	\$ 998,930.00	\$ 1,000,000.00	\$ 1,000,000.00	1,004,799.00	2.125%
Agency	FHLB	2/4/2020	12/13/2024	106.25	\$ 531,250.00	\$ 500,000.00	\$ 500,000.00	513,015.50	2.750%
Agency	FNMA	2/4/2020	1/7/2025	101.08	\$ 505,380.00	\$ 500,000.00	\$ 500,000.00	497,035.50	1.625%
Agency	FNMA	10/30/2020	8/25/2025	99.53	\$ 995,952.00	\$ 1,000,000.00	\$ 1,000,000.00	948,724.00	0.375%
Agency	USTN	4/19/2021	11/30/2025	98.25	\$ 982,500.00	\$ 1,000,000.00	\$ 1,000,000.00	945,898.00	0.375%
Agency	USTN	9/15/2021	5/31/2025	99.58	\$ 989,726.56	\$ 1,000,000.00	\$ 1,000,000.00	950,000.00	0.250%
CORP	Apple Inc.	10/15/2018	5/3/2023	95.98	\$ 479,898.50	\$ 500,000.00	\$ 500,000.00	506,086.50	2.400%
CORP	Toyota Motor Credit Corp.	10/15/2018	9/20/2023	99.55	\$ 497,747.50	\$ 500,000.00	\$ 500,000.00	512,479.00	3.450%
CD	Sallie Mae BK SLT	7/1/2019	6/27/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	248,625.51	2.250%
CD	Morgan Stanley Bank NA	7/5/2019	7/5/2022	100.00	\$ 247,000.00	\$ 247,000.00	\$ 247,000.00	248,669.47	2.200%
CD	Goldman Sachs Bank USA	12/20/2017	12/20/2022	100.00	\$ 248,000.00	\$ 248,000.00	\$ 248,000.00	251,693.71	2.500%
					\$ 6,723,384.56	\$ 6,742,000.00	\$ 6,742,000.00	6,627,026.19	1.845%

Average Daily Flow by Month





SUMMARY OF LABOR MULTIPLIERS

		Benefit Rate
Total Employee Benefits	766,943	0.331
Total Payroll	2,315,454	
Gross Indirect Costs	2,054,479	
Less: Member Contributions & Other Revenue	(316,667)	
Indirect Costs for Distribution	1,737,813	
		Indirect Rate
Direct Labor	1,307,797	1.329
Indirect Costs	1,737,813	
FY 2021-22 Labor multiplier - thru 02/28/22		1.660
FY 2021-22 Budgeted Labor multiplier		<u>2.009</u>
FY 2020-21 Labor multiplier		<u>1.724</u>
FY 2019-20 Labor multiplier		<u>2.309</u>
FY 2018-19 Labor multiplier		<u>2.059</u>



INDIRECT COSTS

(to be Distributed)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>2/28/22</u>
51000	Salaries - Regular	\$ 1,007,658
52000	Benefits	\$ 399,032
60111	Tuition Reimbursement	\$ -
60112	Training	\$ 7,057
60113	Education	\$ 1,071
60114	Other Training & Education	\$ 3,450
60120	Audit Fees	\$ 23,750
60121	Consulting	\$ 57,385
60126	Temporary Services	\$ -
60128	Other Professional Services	\$ 700
60129	Other Contract Services	\$ -
60130	Legal Fees	\$ 20,562
60133	Employment Recruitment	\$ 277
60153	Materials & Supplies	\$ -
60154	Safety	\$ 645
60155	Security	\$ 1,142
60156	Custodial Contract Services	\$ 13,914
60157	Landscaping Maintenance	\$ 7,495
60158	HVAC	\$ 9,134
60159	Facility Repair & Maintenance	\$ 8,637
60160	Telephone	\$ 20,046
60161	Cellular Services	\$ 3,908
60163	Electricity	\$ 13,131
60164	Water Services	\$ 3,024
60170	Equipment Expensed	\$ 3,920
60171	Equipment Rented	\$ 7,801

(Continued - next column)

<u>G/L Acct.</u>	<u>Description</u>	<u>Actual thru</u> <u>2/28/22</u>
60172	Equipment Repair / Maintenance	\$ 1,003
60180	Computer Hardware	\$ 5,409
60181	Computer Software	\$ 97,086
60182	Internet Services	\$ 15,930
60183	Computer Supplies	\$ 903
60184	Computer Repair/Maint	\$ -
60185	Cloud Storage	\$ 11,542
60190	Offsite Meeting/Travel Expense	\$ 1,428
60191	In House Meetings	\$ -
60192	Conference Expense	\$ 13,306
60193	Car, Repair, Maintenance	\$ -
60200	Dues	\$ 40,584
60202	Subscriptions	\$ 13,359
60203	Contributions	\$ 15,249
60210	Bank Charges	\$ 1,655
60211	Shipping/Postage	\$ 1,434
60212	Office Supplies	\$ 4,325
48000	Commission Fees	\$ 26,850
60221	Commission Mileage Reimb.	\$ 113
60222	Other Commission Expense	\$ 65
60230	Other Expense	\$ 3,087
60240	Building Lease	\$ 4,283
81010	Retiree Medical Expense	\$ 67,932
80001	Insurance Expense	\$ 48,533
80000	Building Repair/Replacement Reserve	\$ 66,667
80000	Fixed Assets	\$ -

Total Costs \$ 2,054,479

Direct Costs Paid by Projects \$ 1,841,590
 Member Contribution Offset \$ 316,667
\$ 2,158,256

Over (Under) Allocation % 4.4%
 Over (Under) Allocation of General Fund Costs \$ 103,777



BENEFITS SUMMARY

(Distributed based on Actual Labor)

<u>G/L Acct</u>	<u>Description</u>		<u>Budget</u>		<u>Actual @ 2/28/22</u>		<u>Projected FYE 2022</u>
70101	FICA Expense	\$	195,806	\$	105,148	\$	157,721
70102	Medicare Expense	\$	55,500	\$	32,016	\$	48,025
70103	State Unemployment Insurance	\$	4,284	\$	887	\$	3,800
70104	Worker's Compensation Insurance	\$	48,726	\$	34,792	\$	48,726
70105	State Disability Insurance	\$	35,108	\$	16,445	\$	24,668
70106	PERS Pension Plan	\$	481,931	\$	235,497	\$	353,246
70111	Medical Expense	\$	557,223	\$	277,291	\$	415,937
70112	Dental Expense	\$	28,794	\$	15,123	\$	22,684
70113	Vision Insurance	\$	7,801	\$	4,424	\$	6,637
70114	Life Insurance Expense	\$	15,229	\$	8,587	\$	12,880
70115	Long Term Disability	\$	17,702	\$	9,690	\$	14,535
70116	Wellness Program Expense	\$	4,050	\$	1,042	\$	1,563
70120	Car Allowance	\$	45,000	\$	26,000	\$	39,000
	Total Benefits	\$	1,497,154	\$	766,943	\$	1,149,422
	Total Payroll	\$	3,782,588	\$	2,315,454	\$	3,473,181
	Benefits Rate		39.6%		33.1%		33.1%

Santa Ana Watershed Project Authority
 Labor Hours Budget vs Actual
 Month Ending February 28, 2022

	Fund	Budget	Actual	%
100	General Fund	27,979	14,968	53.50%
135	Prop 84 - Round I Program Mgmt	46	81	175.00%
145	Prop 84 - 2015 Program Mgmt	885	1,137	128.50%
150	Prop1 - Program Management	1,095	436	39.84%
240	Brine Line Enterprise	20,485	12,165	59.39%
320	Brine Line Protection	575	13	2.26%
327	Reach IV-D Corrosion Repairs	60	-	0.00%
370-01	Basin Planning General	1,605	909	56.64%
370-02	USBR Partnership Studies	116	47	40.73%
373	Watershed Management (OWOW)	2,275	1,310	57.56%
374	Basin Monitoring Program TF	660	299	45.34%
381	SAR Fish Conservation	251	88	35.16%
384-01	MSAR TMDL TF	135	119	88.33%
386MONIT	RWQ Monitoring TF	204	95	46.57%
387	Arundo Removal & Habitat Restoration	225	142	63.11%
392	Emerging Constituents TF	245	177	72.35%
397ADMIN	WECAN Riverside	140	38	27.14%
398ADMIN	Prop 1 - DACI	130	151	115.96%
477-02	LESJWA - Administration	358	265	73.95%
477TMDL	LESJWA - TMDL Task Force	486	417	85.75%
504-401IMPLE	Prop 84 - Final Round Implementation	110	18	16.36%
504-401PA23	Prop 84 - Final Round PA23 Admin	240	126	52.29%
504-402PA22	Prop84 - Final Round PA22 Admin	145	223	153.79%
504-402RATES	Prop 84 - Final Round Water Rates	50	87	174.00%
504-402SMART	Prop 84 - Final Round SmartScape	50	-	0.00%
505-00	Prop1 - Capital Projects	540	167	30.93%
		59,090	33,478	56.66%

Note: Should be at 66.67% of budget for 8 months

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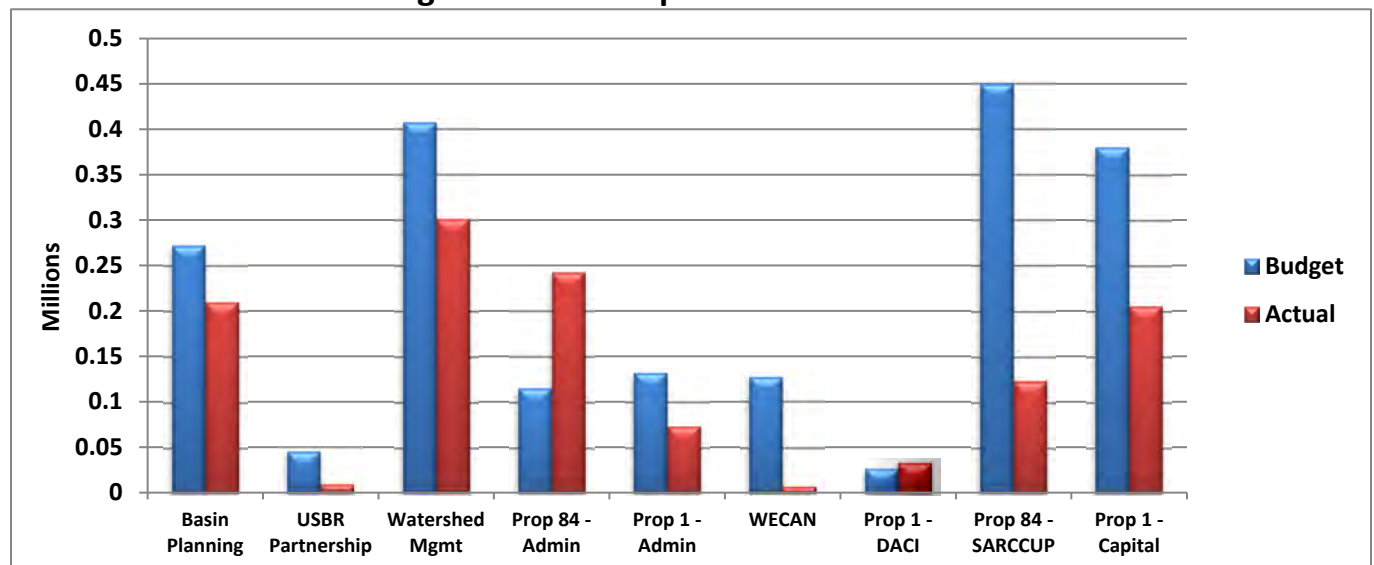
**Santa Ana Watershed Project Authority
PA25 - OWOW Fund - Financial Report
January 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through January 2022 unless otherwise noted.
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Budget to Actual Expenses - OWOW	✔ Favorable			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$466,563	\$272,162	\$209,831	\$62,331
USBR Partnership Studies	76,713	44,749	9,950	34,799
Watershed Mgmt. (OWOW)	697,817	407,060	300,996	106,064
Prop 84 - Administration	192,188	115,426	242,221	(126,795)
Prop 1 – Administration	225,808	131,721	73,329	58,392
WECAN - Riverside	217,336	126,779	7,806	118,973
Prop 1 – DACI	27,206	27,206	33,245	(6,039)
Prop 84 – SARCCUP & Other	770,825	449,648	123,491	326,157
Prop 1 – Capital Projects	651,608	380,105	205,787	174,318
Total	\$3,326,064	\$1,954,856	\$1,206,656	\$748,200

Budget to Actual Expenses - OWOW



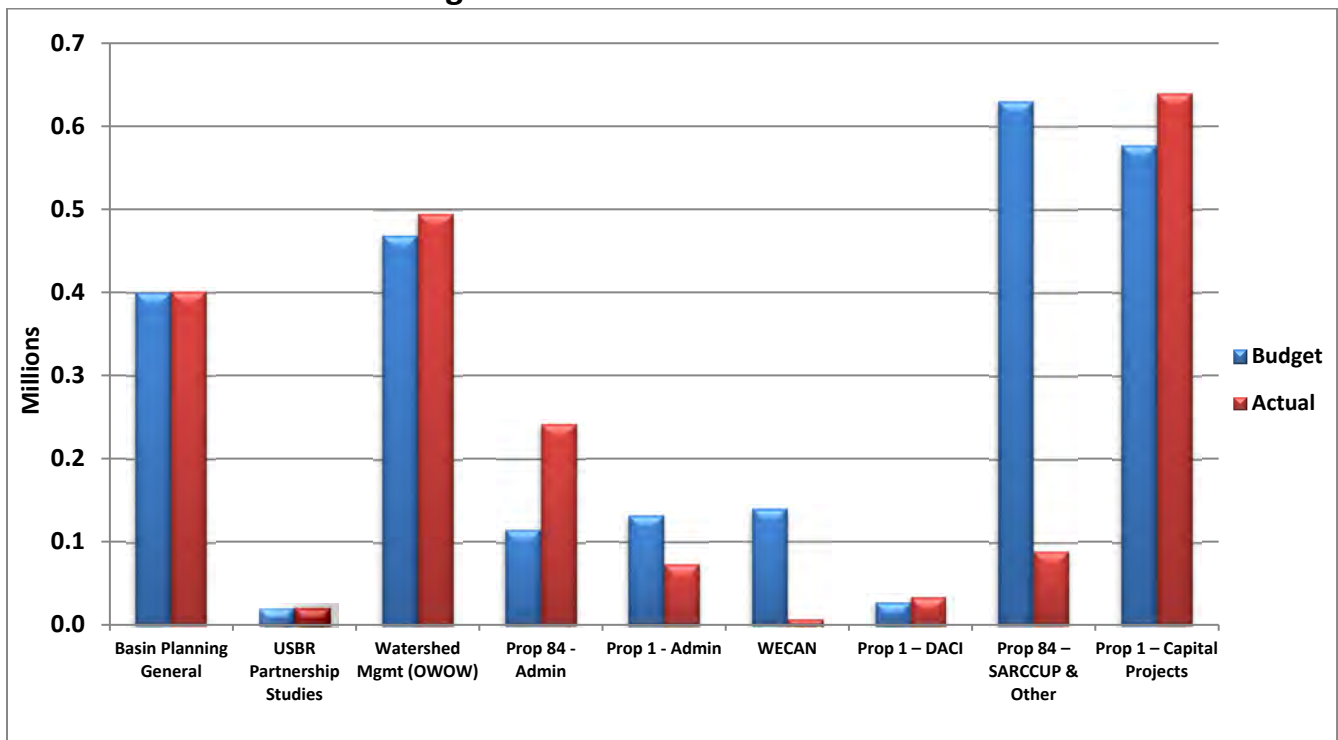
Budget to Actual Revenues - OWOW



Concern

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$400,000	\$400,000	\$401,129	\$1,129
USBR Partnership Studies	70,000	20,000	20,199	199
Watershed Mgmt. (OWOW)	468,700	468,700	494,828	26,128
Prop 84 - Administration	192,188	115,426	242,182	126,756
Prop 1 – Administration	225,808	131,721	73,329	(58,392)
WECAN - Riverside	217,336	139,279	7,806	(131,473)
Prop 1 – DACI	27,206	27,206	33,238	6,032
Prop 84 – SARCCUP & Other	770,825	630,278	89,347	(540,931)
Prop 1 – Capital Projects	651,608	576,865	639,299	62,434
Total	\$3,023,671	\$2,509,475	\$2,001,357	(\$508,118)

Budget to Actual Revenues - OWOW







Reserve Fund Balance - January

	Amount
Basin Planning General	\$369,084
USBR Partnership Studies	65,306
Watershed Management (OWOW)	616,027
Proposition 84 – SARCCUP & Other	935,158
Proposition 1 – Capital Projects	524,432
Total Reserves	\$2,510,007

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.


- 1) Revenues are 20.2% below budget and expenses are 38.3% below budget. Both are expected to be on track by year end.

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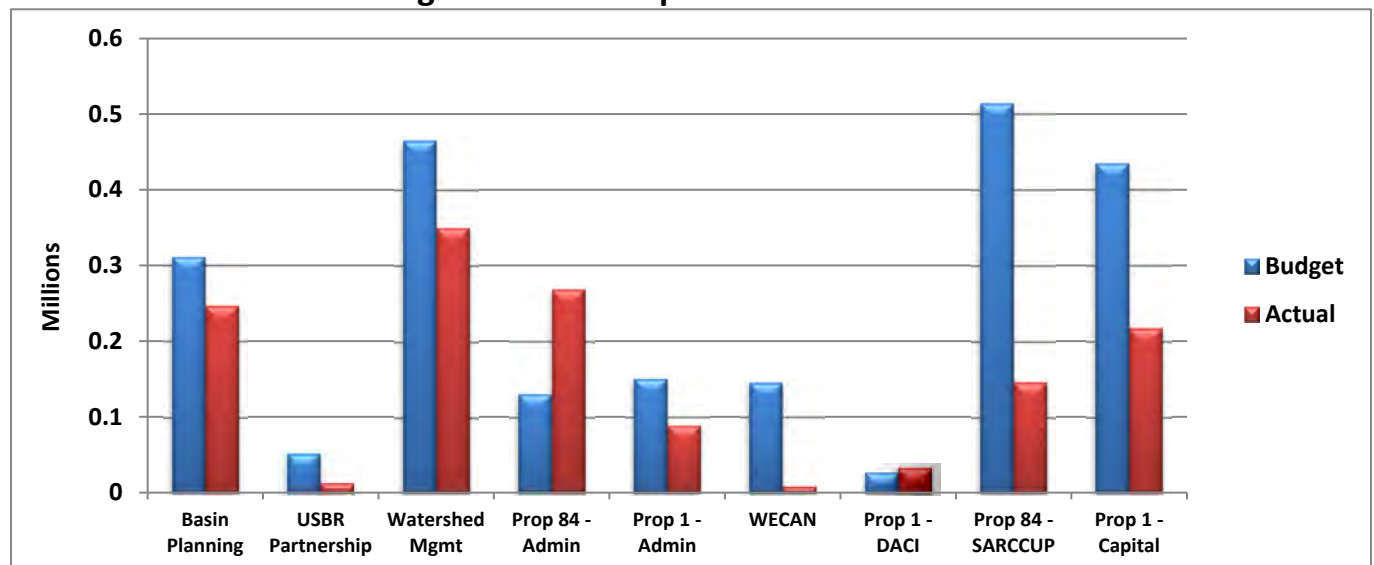
**Santa Ana Watershed Project Authority
PA25 - OWOW Fund - Financial Report
February 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through February 2022 unless otherwise noted.
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Budget to Actual Expenses - OWOW				Favorable
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$466,563	\$311,042	\$246,588	\$64,454
USBR Partnership Studies	76,713	51,142	13,231	37,911
Watershed Mgmt. (OWOW)	697,817	465,211	349,742	115,469
Prop 84 - Administration	192,188	130,779	268,353	(137,574)
Prop 1 – Administration	225,808	150,539	88,701	61,838
WECAN - Riverside	217,336	144,891	9,185	135,706
Prop 1 – DACI	27,206	27,206	33,245	(6,039)
Prop 84 – SARCCUP & Other	770,825	513,883	146,489	367,394
Prop 1 – Capital Projects	651,608	434,405	217,547	216,858
Total	\$3,326,064	\$2,229,098	\$1,373,081	\$856,017

Budget to Actual Expenses - OWOW



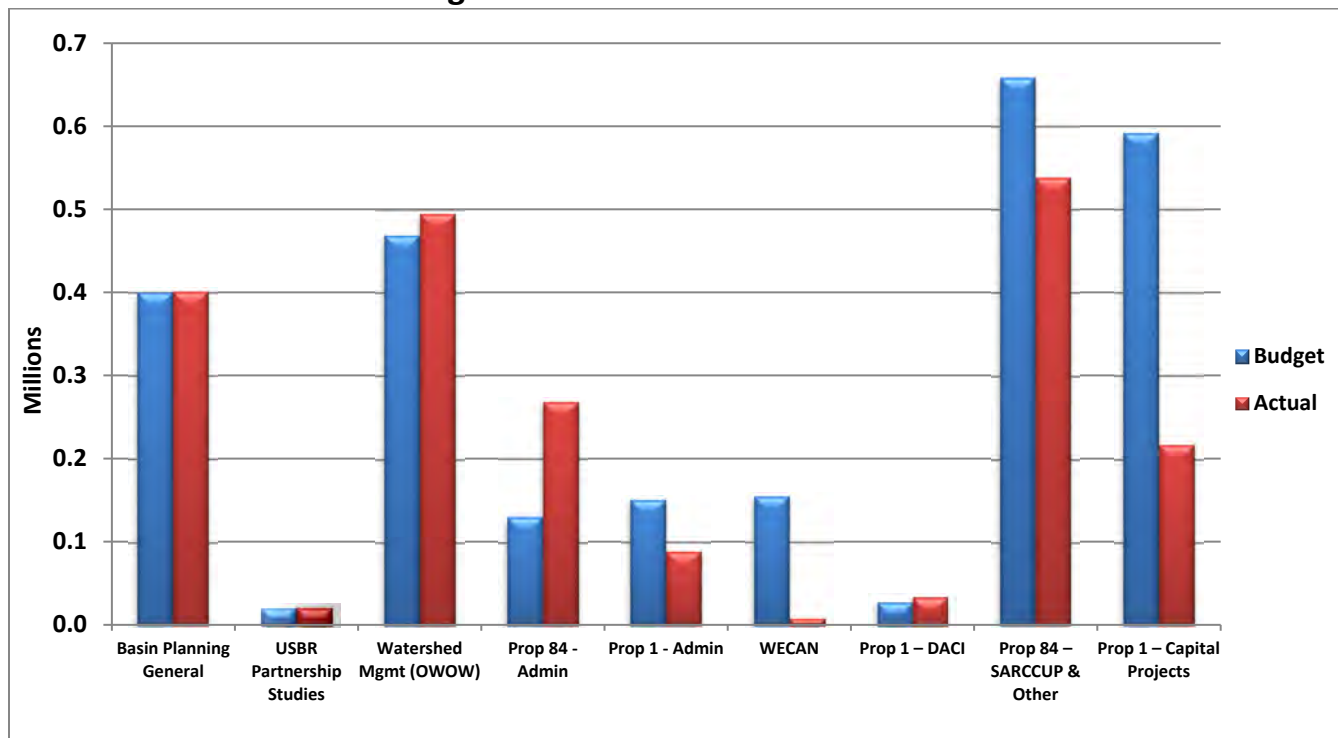
Budget to Actual Revenues - OWOW



Concern

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Planning General	\$400,000	\$400,000	\$401,129	\$1,129
USBR Partnership Studies	70,000	20,000	20,199	199
Watershed Mgmt. (OWOW)	468,700	468,700	494,828	26,128
Prop 84 - Administration	192,188	130,779	268,314	137,535
Prop 1 – Administration	225,808	150,539	88,701	(61,838)
WECAN - Riverside	217,336	154,891	9,185	(145,706)
Prop 1 – DACI	27,206	27,206	33,238	6,032
Prop 84 – SARCCUP & Other	770,825	658,387	538,279	(120,108)
Prop 1 – Capital Projects	651,608	591,814	217,547	(374,267)
Total	\$3,023,671	\$2,602,316	\$2,071,420	(\$530,896)

Budget to Actual Revenues - OWOW







Reserve Fund Balance - February

	Amount
Basin Planning General	\$314,926
USBR Partnership Studies	62,025
Watershed Management (OWOW)	558,805
Proposition 84 – SARCCUP & Other	921,009
Proposition 1 – Capital Projects	556,188
Total Reserves	\$2,412,953

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.


- 1) Revenues are 20.4% below budget and expenses are 38.4% below budget. Both are expected to be on track by year end.

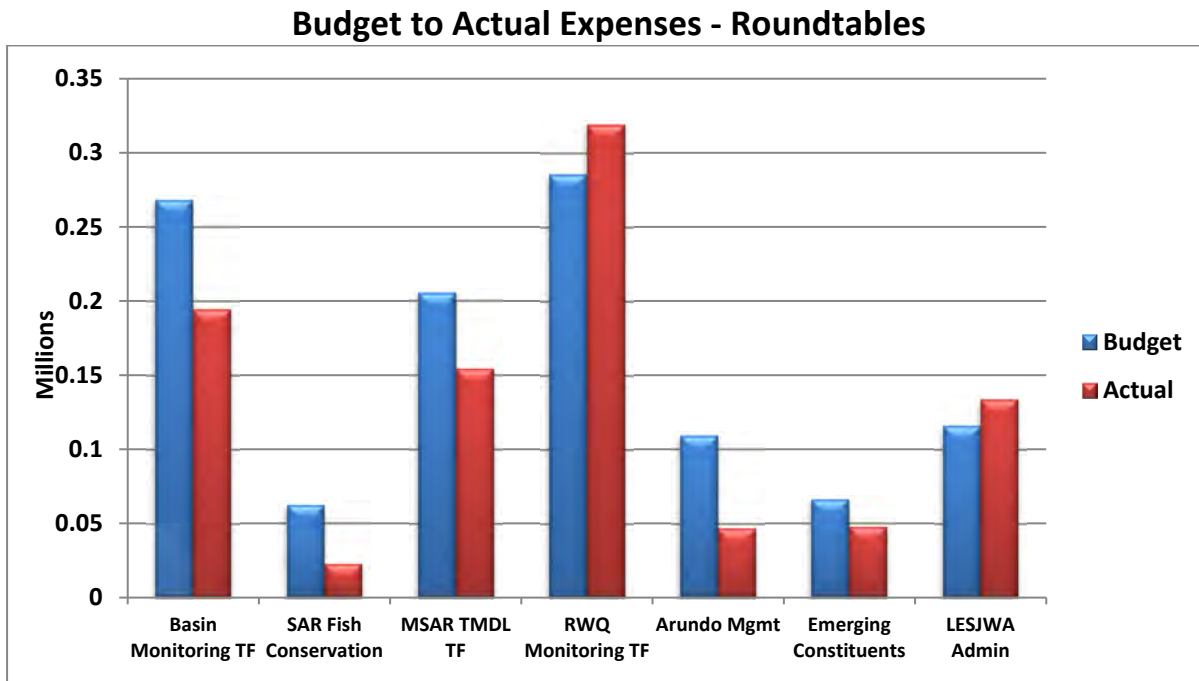
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**Santa Ana Watershed Project Authority
PA26 - Roundtable Fund - Financial Report
January 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through January 2022 unless otherwise noted.
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Budget to Actual Expenses - Roundtables				 On Track
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,678	\$268,146	\$194,517	\$73,629
SAR Fish Conservation	106,692	62,237	22,914	39,323
MSAR TMDL TF	269,968	205,243	154,202	51,041
RWQ Monitoring TF	489,750	285,688	319,257	(33,569)
Arundo Mgmt.	186,981	109,072	46,793	62,279
Emerging Constituents	112,964	65,896	47,518	18,378
LESJWA Admin	198,633	115,869	133,664	(17,795)
Total	\$1,824,666	\$1,112,151	\$918,865	\$193,286



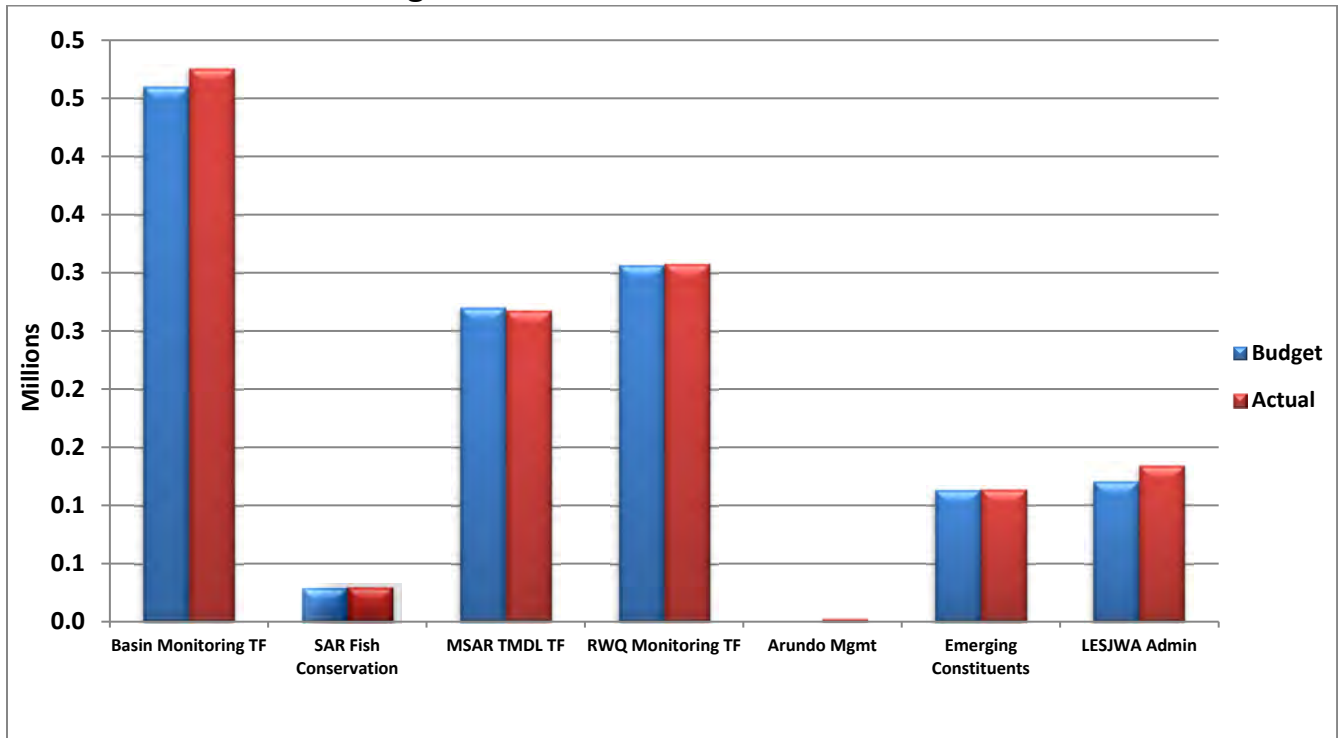
Budget to Actual Revenues - Roundtables



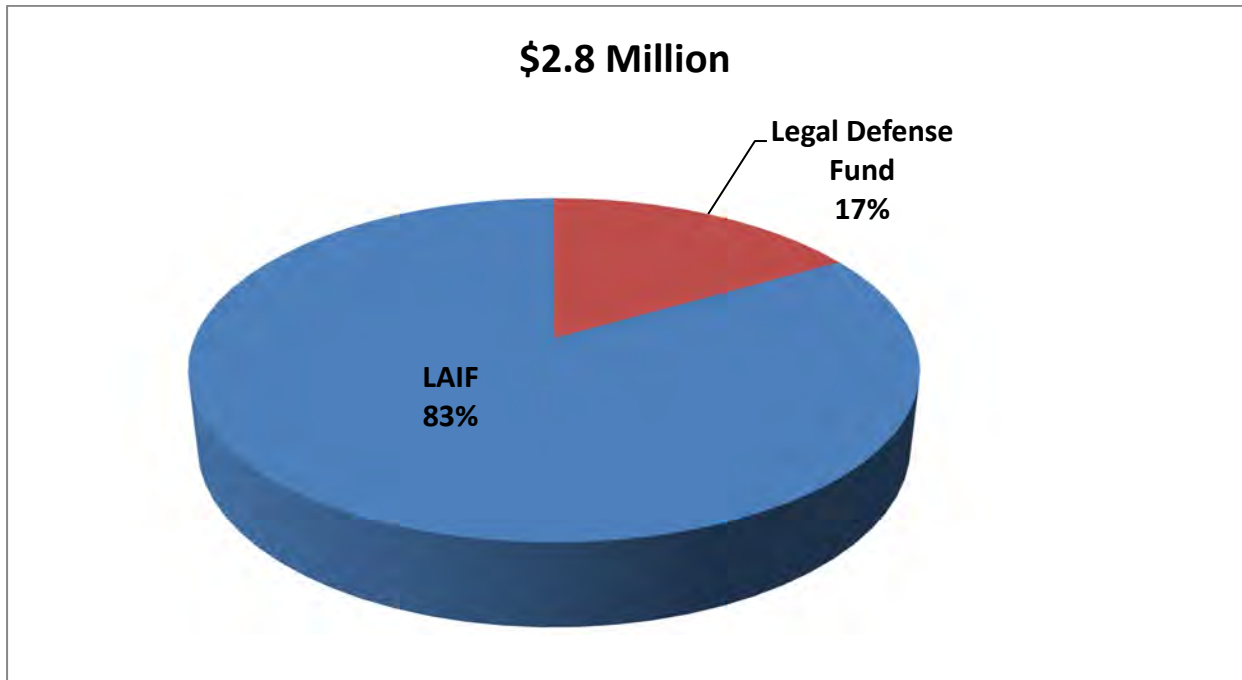
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,998	\$459,998	\$475,538	\$15,540
SAR Fish Conservation	29,000	29,000	29,319	319
MSAR TMDL TF	269,625	269,625	267,109	(2,516)
RWQ Monitoring TF	306,845	306,845	307,973	1,128
Arundo Mgmt.	-	-	2,602	2,602
Emerging Constituents	113,000	113,000	113,344	344
LESJWA Admin	198,633	120,036	133,664	13,628
Total	\$1,377,101	\$1,298,504	\$1,329,549	\$31,045

Budget to Actual Revenues - Roundtables



Total Cash & Investments - January







Reserve Fund Balance – January

	Amount
Basin Monitoring Task Force	\$544,960
SAR Fish Conservation	113,357
Middle SAR TMDL Task Force	410,492
Regional Water Quality Monitoring Task Force	260,192
Arundo Management & Habitat	867,584
Emerging Constituents Task Force	132,317
Legal Defense Fund	467,087
Total Reserves	\$2,795,989

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments


For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

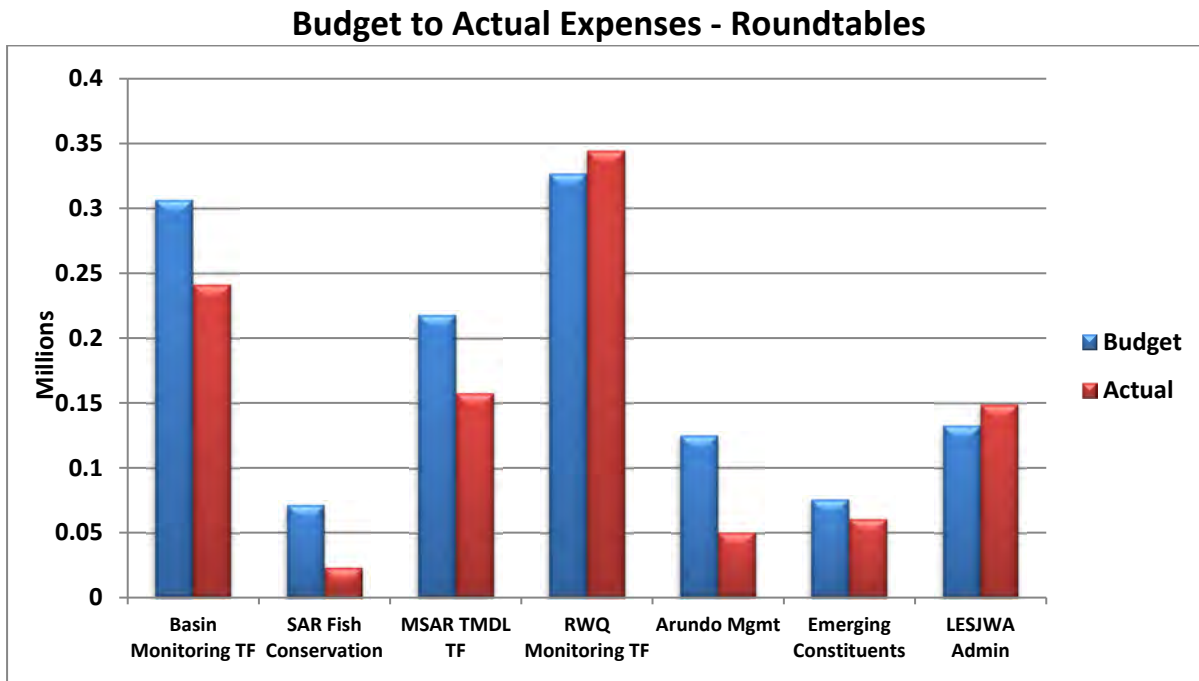
- 1) Both expenses and revenues are on track with the budget.

**Santa Ana Watershed Project Authority
PA26 - Roundtable Fund - Financial Report
February 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) through February 2022 unless otherwise noted.
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Budget to Actual Expenses - Roundtables				 On Track
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,678	\$306,452	\$241,164	\$65,288
SAR Fish Conservation	106,692	71,128	23,098	48,030
MSAR TMDL TF	269,968	218,188	157,643	60,545
RWQ Monitoring TF	489,750	326,500	344,113	(17,613)
Arundo Mgmt.	186,981	124,654	50,234	74,420
Emerging Constituents	112,964	75,309	60,291	15,018
LESJWA Admin	198,633	132,422	148,771	(16,349)
Total	\$1,824,666	\$1,254,653	\$1,025,314	\$229,339



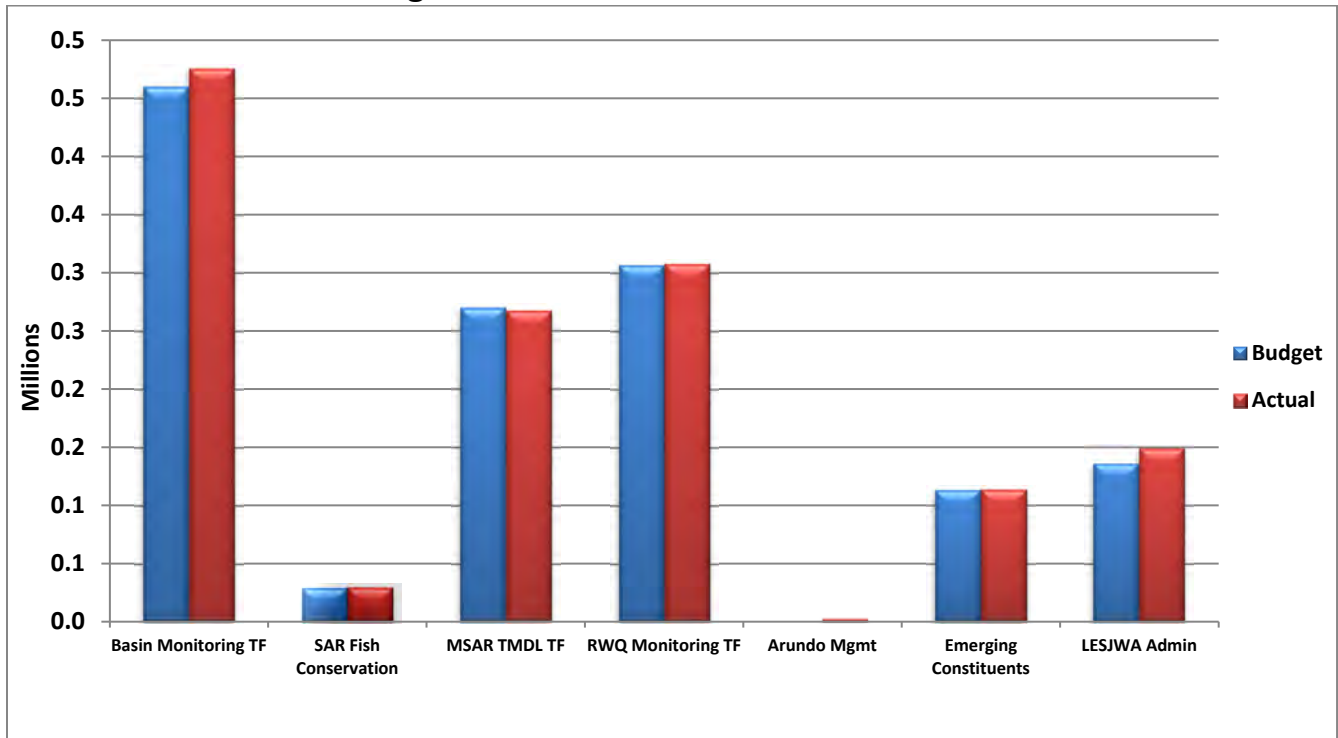
Budget to Actual Revenues - Roundtables



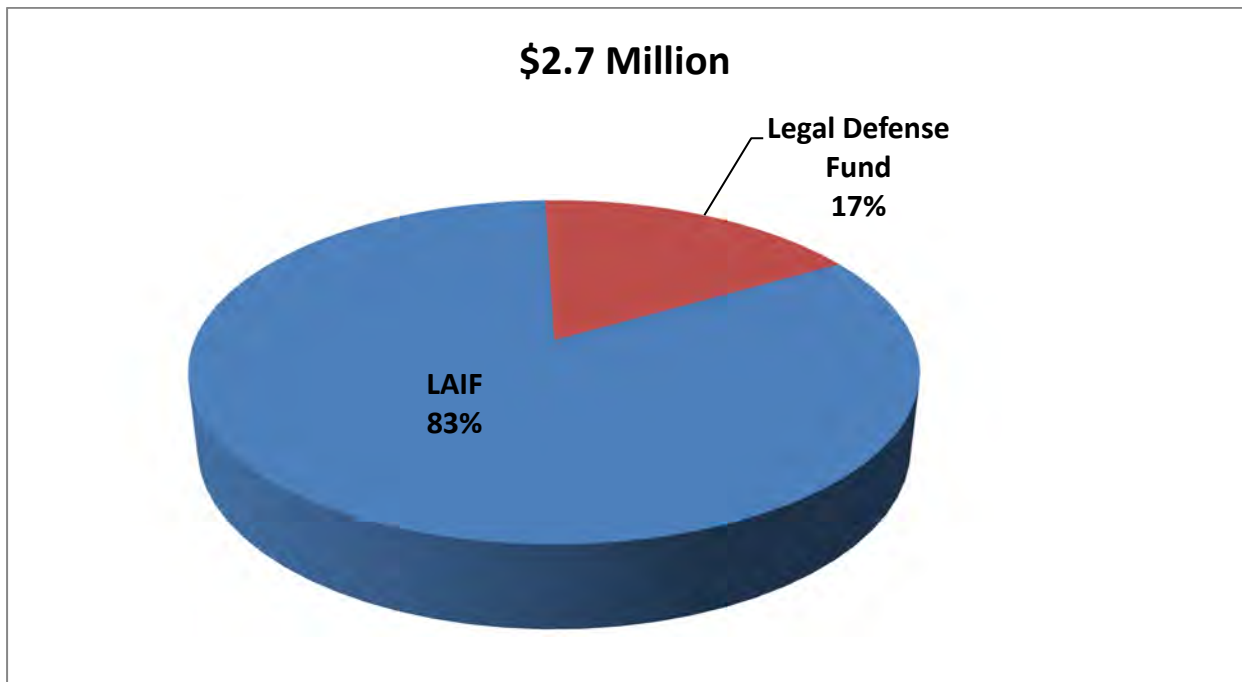
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Basin Monitoring TF	\$459,998	\$459,998	\$475,538	\$15,540
SAR Fish Conservation	29,000	29,000	29,319	319
MSAR TMDL TF	269,625	269,625	267,109	(2,516)
RWQ Monitoring TF	306,845	306,845	307,973	1,128
Arundo Mgmt.	-	-	2,602	2,602
Emerging Constituents	113,000	113,000	113,344	344
LESJWA Admin	198,633	135,755	148,772	13,017
Total	\$1,377,101	\$1,314,223	\$1,344,657	\$30,434

Budget to Actual Revenues - Roundtables



Total Cash & Investments - February







Reserve Fund Balance – February

	Amount
Basin Monitoring Task Force	\$517,391
SAR Fish Conservation	113,236
Middle SAR TMDL Task Force	405,859
Regional Water Quality Monitoring Task Force	238,337
Arundo Management & Habitat	864,144
Emerging Constituents Task Force	118,690
Legal Defense Fund	467,092
Total Reserves	\$2,724,749

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

- 1) Both expenses and revenues are on track with the budget.



SAWPA OWOW Status Report 1/1/22 thru 3/31/22



PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETING DATES
OWOW Planning	Integrated Regional Water Management Planning and Grant Application Support for the Santa Ana River Watershed	<ul style="list-style-type: none"> • Staff worked with the Roundtable of IRWM Regions Network Coordinator to facilitate bi-monthly meetings with Roundtable members that include DWR staff to discuss pertinent topics. • JM Consultants, the current Roundtable Network Coordinator, notified staff that she was retiring on June 30, 2022. Staff subsequently drafted a RFP to acquire the services of a consultant to provide Network Coordinator services for Fiscal Year Ending 2023. • Staff held a series of virtual outreach workshops about the upcoming Call for Projects for Prop 1 Round 2 IRWM grant funding. • Staff attended the DWR Prop 1 Round 2 IRWM workshop on February 8 and subsequently delayed the OWOW Call for Projects till April 25, 2022. • 	<ul style="list-style-type: none"> • Update the Roundtable of Regions website on a continual basis. • Close Prop 1 Round 2 OWOW Call for Projects on April 25, 2022. • Post RFP for Network Coordinator on April 5, pending Commission approval. 	May 2022 OWOW Steering Committee and Commission meetings (virtual mtgs)
Santa Ana River Watershed Feasibility Weather Augmentation Program	Investigation of the feasibility and early design of a weather augmentation (cloud seeding) program for the Santa Ana River Watershed	<ul style="list-style-type: none"> • The Santa Ana River Watershed Weather Augmentation Feasibly Study was completed in Oct. 2020 and a final report about the study was presented to the SAWPA Commission on Dec. 1, 2020. • Multiple presentations about weather modification (cloud seeding) have continued by SAWPA staff to SAWPA member agencies and their subagencies over the past quarter. • A recommendation to proceed with the SAR Watershed weather modification ground-based seeding location analysis, the program CEQA and the preparation of a regional grant application to the OWOW/DWR Prop 1 IRWM Round 2 Implementation grant program for a three-year pilot scale program was made to the SAWPA Commission on April 6th. • The SAWPA Commission approved the staff recommendation with the added direction to seek additional funding partners for the program as well as continued outreach to interested parties about weather modification. The proposed program will also include independent review and verification of its efficacy as part of the three-year pilot program. • The investigation for ground seeding locations based on the feasibility study was completed by the North American Weather Consultants Inc under contract with SAWPA and submitted to SAWPA on Feb. 7, 2022. • The CEQA consultant, Catalyst Environmental Solutions, commenced work in Nov. 2021 and has completed a Draft Initial Study Mitigated Declaration. A public comment meeting is scheduled in next quarter. The overall CEQA is scheduled to be complete by June 2022. 	<ul style="list-style-type: none"> • For the next quarter, staff will discuss the implementation schedule for the Pilot Program to see if a start time of Nov. 1, 2022 is accepted. • Work is underway to prepare a grant application for the four-year pilot program for 50% of the grant from Prop 1 Round 2 IRWM grant program and will be submitted by April 25, 2022. • A CEQA Public Comment meeting on the Initial Study is scheduled for Tuesday April 19th after the SAWPA Commission meeting. 	Periodic updates on progress will be provided to the SAWPA Commission every two months

SAWPA OWOW Status Report
1/1/22 thru 3/31/22

PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETING DATES
		<ul style="list-style-type: none"> Work continues with outreach to local water agencies and other interested entities to inform, educate and ask for funding support for the pilot scale program. Over 40 presentations have been made to various governing bodies and so far six agencies have committed funds totally \$72K to the pilot program. 		
Santa Ana River Watershed Sustainability Assessment	Conduct a Watershed Sustainability Assessment	<ul style="list-style-type: none"> The latest Santa Ana River Watershed Sustainability Assessment was last completed in 2019. The next one is anticipated to be completed and update in approximately two years. 	None at this time.	None at this time.
Prop 1 IRWM Disadvantaged Community Involvement (DCI) Program Implementation	Needs assessment, education and outreach, and technical assistance for disadvantaged, economically distressed and under- represented communities in the watershed	<ul style="list-style-type: none"> SAWPA staff continued to maintain and make improvements to the DCI Program webpage on the SAWPA website. Staff will supplement the existing Santa Ana Watershed Ethnographic Assessment with a separate report from the DWR/Scared Places Institute if and when it arrives. Staff finalized and submitted a Grant Report to DWR summarizing work completed between February 2016 and July 2021. Approval of this report by DWR will allow for retention held to date to be released to SAWPA. 	<ul style="list-style-type: none"> Amend DCI agreement with DWR to include \$5M in additional grant funding for the administration and implementation of projects aiding disadvantaged communities in the watershed. Issue retention funds to project partners and agencies receiving technical Assistance funding for work completed between February 2016 and July 2021. 	Status reports on this effort will be provided at future OWOW Steering Committee and. SAWPA Commission meetings as appropriate.
	Proposition 1 IRWM Disadvantaged Communities Involvement (DCI) Grant Set-Aside funding made available through the 2021 Urban and Multibenefit	<ul style="list-style-type: none"> SAWPA reviewed and ranked project applications for the Proposition 1 IRWM Disadvantaged Communities Involvement (DCI) Grant Set-Aside funding made available through the 2021 Urban and Multibenefit Drought Relief Grant Program. California Rural Water Association through a Work Order with SAWPA assisted DAC project applicants in the preparation of grant applications for the \$5M in DACI set-aside funding available through the 2021 Urban and Multibenefit Drought Relief for Disadvantaged Communities Grant Program. Staff submitted a proposal package to DWR for \$5M in DACI set-aside 	<ul style="list-style-type: none"> With approval by DWR of projects submitted for DACI set-aside funding, SAWPA staff will prepare partner sub-agreements for projects awarded funding. Staff to prepare and submit to DWR a Resolution authorizing SAWPA to enter into a funding agreement with DWR. 	Status reports on this effort will be provided by staff at future OWOW Steering Committee and SAWPA

SAWPA OWOW Status Report
1/1/22 thru 3/31/22

PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETING DATES
	Drought Relief Grant Program	funding available through the 2021 Urban and Multibenefit Drought Relief for Disadvantaged Communities Grant Program in early March 2022.		Commission meetings as appropriate.
	Proposition 1 Round 2 IRWM Implementation Grant Program DAC Grant Writing Assistance	<ul style="list-style-type: none"> • California Rural Water Association through their Phase 1 Work Order with SAWPA identified eight small water systems projects supporting disadvantaged communities for review and ranking by the project Review committee. • The Project Review Committee selected a single project from the suite of projects submitted by CRWA to be recommended to the SAWPA Commission for authorization to proceed with the preparation of a grant application by CRWA for Prop 1 Round 2 IRWM funding. • On March 15th, the SAWPA Commission approved the recommendation of the Small Community Grant Assistance Program Review Committee to prepare a grant application for the Box Springs Mutual Water Company Well Improvements project for DAC funding available through the OWOW Proposition 1 Round 2 Integrated Regional Water Management Grant Program and authorize a Work Order to execute Phase II of the Agreement between the California Rural Water Association and SAWPA. • 	<ul style="list-style-type: none"> • • CRWA to prepare the OWOW Proposition 1 Round 2 Integrated Regional Water Management Grant Program grant application for the Box Springs Mutual Water Company Well Improvements project. 	Coordination meetings will be planned once agreements are in place for the Grant projects to be funded.
Santa Ana River Conservation and Conjunctive Use Program (SARCCUP) Implementation	Implementation of SARCCUP (which includes conjunctive use, fish habitat, invasive weed removal, and water use efficiency programs) through the PA 23 Committee.	<ul style="list-style-type: none"> • The SAWPA member agencies continues to work together on the development of an operating agreement and software to be used for the program during the implementation phase. • SAWPA is working to recruit the final 8th retail water agency for the upper watershed for the SARCCUP Water Efficiency Budget Assistance Task. Per the executed sub-agreement amendment with Orange County Water District in the previous quarter, the Municipal Water District of Orange County is taking the lead to recruit two (or more) retail water agencies in northern Orange County. 	<ul style="list-style-type: none"> • Recruit eight retail water agencies by April 30, 2022. 	Bi-weekly SARCCUP Planning Manager meetings. PA 23 Committee meeting on 4-5-22 (virtual mtg) PA 22 Committee meeting on 6-14-22

SAWPA OWOW Status Report
1/1/22 thru 3/31/22

PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETING DATES
Prop 84 IRWM Round 1	Grant administration of Prop 84 IRWM Round 1	<ul style="list-style-type: none"> Staff continues to work with the agencies implementing the 15 projects involved in the first round of Prop 84 IRWM program to undertake all labor associated with interaction with DWR staff; project invoices processing including review, verification and submittal to DWR; project reporting review, verification and submittal to DWR; all DWR agreements, SAWPA Sub-agreements and Amendments preparation, processing and execution; DWR payment processing; project implementation inspection and verification; assembling, reviewing and submittal of Financial Statements; coordination and review of all Labor compliance; review and verification of all certifications, permits, and CEQA; project deliverables review, verification and submittal to DWR; project benefit assessment; review and verification of project monitoring plan; review and verification of project signage; review, verification and preparation of all documentation for audit review; grant administration budget preparation, monitoring, projections and assessment; SAWPA management review, oversight and direction regarding these defined tasks. 	<ul style="list-style-type: none"> All grant administration will continue until the final Round 1 project is implemented and continues with annual monitoring for 10 years after the completion of the projects. 	Quarterly Report to SAWPA Commission
Prop 84 IRWM Round 2	Grant administration of Prop 84 IRWM Round 2	<ul style="list-style-type: none"> Staff continues to work with the agencies involved in the 19 projects under the second round of Prop 84 IRWM program to undertake all labor associated with interaction with DWR staff; project invoices processing including review, verification and submittal to DWR; project reporting review, verification and submittal to DWR; all DWR agreements, SAWPA Sub-agreements and Amendments preparation, processing and execution; DWR payment processing; project implementation inspection and verification; assembling, reviewing and submittal of Financial Statements; coordination and review of all Labor compliance; review and verification of all certifications, permits, and CEQA; project deliverables review, verification and submittal to DWR; project benefit assessment; review and verification of project monitoring plan; review and verification of project signage; review, verification and preparation of all documentation for audit review; grant administration budget preparation, monitoring, projections and assessment; SAWPA management review, oversight and direction regarding these defined tasks. 	<ul style="list-style-type: none"> All grant administration will continue until the final Round 2 project is implemented and continues with annual monitoring for 10 years after the completion of the projects. 	Quarterly Report to SAWPA Commission
Prop 84 IRWM 2015 Round	Grant administration of Prop 84 IRWM 2015 Round	<ul style="list-style-type: none"> Staff prepared and reviewed the grant invoice and progress report for the fourth reporting period of 2021 that was due to DWR on March 31, 2021. 	<ul style="list-style-type: none"> Submit the 1st quarterly report/invoice of 2022 to DWR by June 30, 2022. 	Bi-weekly SARCCUP Planning

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETING DATES
				Manager meetings.
Prop 1 IRWM Round 1	Enhancements to Watershed-Wide Water Budget Decision Support Tool	<ul style="list-style-type: none"> • Task 1 Aerial Imagery, Geophex completed effort to process and QC imagery for the upper watershed (above Prado Dam). • Task 2 - Landscape Analysis USBR continued efforts to develop an analytical model to analyze the Orange County Aerial Imagery (City of Orange) to identify and measure landscapes to provide water budgets to retail agencies in support of the achievement of water efficiency targets prescribed by the State. • Task 3 – Decision Support Tool, SAWPA staff continued internal discussion on the framework for the decision Support Tool using the 2021 aerial imagery to enable retail agencies to analyze customer water use data to assess customer efficiency, target water over use, and serve as a mechanism for customer outreach 	<ul style="list-style-type: none"> • SAWPA staff to coordinate with USBR to finalize the methodology for the analytical landscape model. • SAWPA staff to coordinate with SAWPA member agency staff on the development of the framework for the decision Support Tool. 	.

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Middle Santa Ana River (MSAR) Pathogen TMDL Task Force	Implement TMDLs to address impairments to water quality relating to the fecal coliform objective established to protect the REC-1 use for waterbodies located within the Middle Santa Ana River Watershed.	<ul style="list-style-type: none"> SAWPA continued Task Force Administration including management and review of consultant contracts, project invoices and annual Task Force budget. Staff initiated efforts to prepare an amendment to further extend the 2012 task Force Agreement for an additional five-year period. Task Force consultant, Tess Dunham continued her effort to orchestrate the TMDL Implementation strategy for the MSAR TMDL Task Force, with the support of Steve Wolosoff/CDM Smith and Richard Meyerhoff/GEI Consultants. The Task Force continued their effort to support the implementation of the Riverside / San Bernardino Counties CBRP in coordination with the MSAR TMDL Task Force. Task Force continued discussion of the next steps to be taken regarding the process to update the MSAR TMDLs. 	<ul style="list-style-type: none"> 2022-23 stakeholder invoices to be sent out in July. Continue discussion of the next steps to be taken regarding the process to update the MSAR TMDLs. 	Task Force Meeting (virtual meeting) scheduled for 4-12-22
	TMDL Task 3 Watershed Monitoring Program	MSAR TMDL Compliance monitoring is now conducted as a component of the Santa Ana River Bacteria monitoring program implemented through the Regional Water Quality Monitoring (RWQM) Task Force.	<ul style="list-style-type: none"> Draft 2021 Annual SAR Regional Bacteria Monitoring Report due April. 2022 warm season monitoring to begin in May. 	
	TMDL Task 4 Source Evaluation and Management	<ul style="list-style-type: none"> MSAR TMDL Task Force meetings continued to be used as a forum for stakeholders to update Regional Board staff on their CBRP implementation activities. SAWPA continued to act as the contracting party for the benefit of Task Force agencies to implement specific studies and projects to support each County's Comprehensive Bacteria Reduction Plan implementation activities. All current source evaluation work relating to the bacteria indicator TMDLs is being conducted through the individual Counties MS4 program to implement their respective Comprehensive Bacteria Reduction Plans. 	<ul style="list-style-type: none"> All current deliverables related to the implementation of the Counties Comprehensive Bacteria Reduction Plans are currently being addressed by individual agencies. Task Force to evaluate proposal and issue RFP for a special source evaluation study to support the MSAR TMDLs. 	

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Lake Elsinore and Canyon Lake Nutrient TMDL Task Force	Implement TMDLs to address water quality issues relating to excess nutrients in Lake Elsinore and Canyon Lake.	<ul style="list-style-type: none"> • LESJWA continued Task Force administration including management and review of consultant contracts, project invoices and annual Task Force budget. • Staff continued to coordinate issues relating to stakeholder load/cost allocations, in-lake modeling, and the design on in-lake treatment projects with various consultants. • Staff prepared an initial draft 2022-23 Task Force Budget for review by the Task Force. • Staff initiated efforts to prepare an amendment to further extend the 2012 task Force Agreement for an additional five-year period. • Task Force consultant, Tess Dunham continued her role of working with stakeholders on a long-term plan to revise and update the Lake Elsinore and Canyon Lake nutrient TMDLs. • Richard Meyerhoff/GEI Consultants and Steve Wolosoff/CDM Smith continued their efforts to support the Task Force in the process by Regional Board to amend the Basin Plan to update the LE&CL TMDLs. • Task Force approved a Task Order for CDM Smith to provide TMDL support activities including updates to the revised LE&CL TMDL Technical Report to address additional comments from Regional Board. • Regional Board continued their process to amend the Basin Plan to update the Lake Elsinore and Canyon Lake nutrient TMDLs. 	<ul style="list-style-type: none"> • Finalize and approve 2022-23 Task Force Budget. • 2022-23 stakeholder invoices to be sent out in July. • Regional Board Public Workshop to adopt the Revised LE&CL TMDLs has been postponed indefinitely. 	Task Force Meeting (virtual meeting) is scheduled for 4-20-22
	TMDL Task 4 Monitoring Program	<ul style="list-style-type: none"> • Wood Environmental Inc. continued implementation of the Phase 2 TMDL Compliance Monitoring Program for FY 2021-22. • Regional Board continues monitoring of hazardous algal blooms in Lake Elsinore through grant funding received from the SWRCB. The Task Force will continue to support this effort through a technical advisory committee. 		
	TMDL Task 9 Lake Elsinore TMDL Compliance Implementation Activities	<ul style="list-style-type: none"> • Work relating to the implementation of Lake Elsinore In-Lake Sediment Nutrient Reduction Plan performed in conjunction with the RCFC&WCD MS4 Comprehensive Nutrient Reduction Plan continued. 	<ul style="list-style-type: none"> • 2021 Lake Elsinore Nutrient Offsets report to be finalized. • A draft 2021 LEAMS Nutrient Offset Accounting Report to be prepared by June 2022 	LEAMS Operators meeting (virtual meeting) scheduled for April 2022

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	TMDL Task 10 Canyon Lake TMDL Compliance Implementation Activities	<ul style="list-style-type: none"> • Work relating to the implementation of Canyon Lake In-Lake Sediment Treatment Evaluation performed in conjunction with the RCFC&WCD MS4 program Comprehensive Nutrient Reduction Plan continues. • LESJWA staff continued as the lead implementing agency for the Canyon Lake Alum application work. • the LE&CL TMDL Technical Review Committee reviewed and ranked proposals submitted from a request for proposals for the Canyon Lake Alum Treatment project for 2022-2024. The unanimous decision of the Technical Review Committee was to select Aquatechnex to conduct the alum dosing in Canyon Lake. • On February 17, 2022, the LESJWA Board approved the recommendation to select Aquatechnex to implement the Canyon Lake Alum Treatment project for 2022-2024. • 	<ul style="list-style-type: none"> • Spring 2022 Canyon Lake alum application to be scheduled for the week of April 18, 2022. 	
	TMDL Task 11 Model Update	<ul style="list-style-type: none"> • No update. 		
Basin Monitoring Program Task Force	Annual Monitoring Report	<ul style="list-style-type: none"> • As part of the upcoming fiscal year reevaluation of surface and groundwater monitoring, the approach for conducting the annual water quality report for the Santa Ana River will be reviewed by the consultant, West Yost. 	<p>Mtgs on this topic were held on Feb. 22nd at the BMP TF mtg and with Reg Bd on Mar. 29th.</p> <p>SAWPA Staff to prepare and submit the Draft 2021 Annual Report of Santa Ana River Water Quality for review by the Task Force and Regional Board staff.</p>	4-11-22 Task Force meeting (virtual mtg)

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	Triennial Ambient Water Quality Update	<ul style="list-style-type: none"> • The Triennial Ambient Water Quality Update (AWQ) for the 1999-2018 was formally transmitted to the Regional Board on July 14, 2020 and accepted by Regional Board resolution on March 12, 2021. • The results of the recent Triennial Ambient Water Quality Update are reflected in the Basin Plan Amendment that the Task Force’s consultants, KSC, has submitted to the Regional Board. • As indicated in the last Triennial Ambient Water Quality Report and in response to Regional Board recommendations, the task force was encouraged to modify and streamline the Triennial Ambient Water Quality update process in line with the Recycled Water Policy Update. • A contract for conducting the work was awarded to West Yost Inc. (formerly Wildermuth Environmental Inc.) based on a competitive process on June 15th. Since that time five workshops have been held with the Task Force to begin discussion on the Planning Priorities. 	<ul style="list-style-type: none"> • The Basin Monitoring Program Task Force holds monthly meetings with West Yost and is providing feedback on suggested improvements to the Triennial Ambient WQ program. 	4-11-22 Task Force meeting (virtual mtg)
	Santa Ana River Wasteload Allocation Update	<ul style="list-style-type: none"> • All work on the Santa Ana River Wasteload Allocation (WLA) Update has been finalized and the final report was transmitted to the Regional Board on July 14, 2020 and formally approved as a Basin Plan Amendment by the Regional Board on December 10, 2021. • The Basin Plan Amendment is now going through the State Office of Administrative Law and the State Water Resources Control Board for review and approval. This process can typically take an additional year. 	<ul style="list-style-type: none"> • All work is now complete. 	No future meetings related to this issue are planned

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	Drought Policy	<ul style="list-style-type: none"> • The Regional Board included the creation of a new drought policy as one of their last Triennial Basin Plan Priorities. • Tim Moore of Risk Sciences worked with the BMP TF and the Southern California Salinity Coalition (SCSC) to develop an outline of the work necessary to justify a new Drought Policy. • In 2018 Southern California Salinity Coalition working with Joe LeClaire completed a report about the TDS trends due to the drought experienced by several So Cal agencies. • Based on this work, the Regional Board staff has been supportive of incorporating a default 5-year averaging period in the POTW discharge permits for TDS to reflect the changes that might occur in TDS from drought cycles. The Regional Board permitting staff will continue to have the flexibility to modify the permit averaging period up to 10 years dependent on planned or existing salt offset program. Text was added in the Basin Plan Amendment was approved by the Regional Board on Dec. 10, 2021. • The Basin Plan Amendment is now going through the State Office of Administrative Law and the State Water Resources Control Board for review and approval. This process can typically take an additional year. 	<ul style="list-style-type: none"> • All work is now complete. 	No future meetings related to this issue are planned
	Recycled Water Policy Changes	<ul style="list-style-type: none"> • West Yost is continuing their work on the Task Force Planning Priorities which includes the development of workplans for a new Santa Ana River Water Quality Update and the Ambient Water Quality Update to ensure it meets the new requirements of the 2019 Amendment to the SWRCB Recycled Water Policy for Salt and Nutrient Management Plans. This work is still on scheduled to be completed by August 2022. Thereafter the task force will conduct a pilot ambient water quality update to meet the Oct. 2023 deadline for a triennial ambient water quality update that is cited in several POTWs discharge permits. After 2023, the Task Force is proposing to conduct ambient water quality updates every five years instead of every three years. These changes will be reflected in the Basin Plan Amendment. • Two additional review workshops on the Planning Priorities background have been conducted by West Yost so far with the Task Force this past quarter. 	<ul style="list-style-type: none"> • The TF will conduct its next workshop with West Yost and Tess Dunham to review feedback received from the Task Force about suggested changes to the ambient water quality monitoring. 	4-11-22 Task Force meeting (virtual mtg)

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	Imported Water Rechargers Subcommittee	<ul style="list-style-type: none"> • The Imported Water Recharger Subcommittee last held a meeting on Dec. 15, 2021. • The subcommittee received a report from WMWD and SBVMWD about their 20-year groundwater modeling report as prepared by Geoscience Inc. A representative from Geoscience presented the major results of that analysis which used the Upper SAR Watershed Integrated Model previously developed by Geoscience Inc. for SBVMWD and many other agencies involved with modeling SAR habitat conservation planning is contemplated. • The schedule for other modeling reports was also reviewed. EMWD and the City of Corona on behalf of the Temescal Basin also submitted their required reports to the Regional Board before the end of 2021 deadline. • The next water quality modeling report that is due is from OCWD and is expected to be complete by July 18, 2022. A meeting will be held in early summer to review the draft OCWD modeling report prior to their submittal deadline. 	<ul style="list-style-type: none"> • Recharge reports are now required every five years and modeling every ten years through a stairstep process. The next report submittal will be the OCWD 10-year modeling report due in July 2022. 	The Imported Water Rechargers Subcommittee will meet again in early summer 2022.
Emerging Constituents Program Task Force	Provide emerging constituents sampling report and watershed water quality outreach program	<ul style="list-style-type: none"> • The EC Program Task Force last met on January 24, 2022. The Task Force also heard status reports about the following items: <ul style="list-style-type: none"> ○ SWRCB CEC Aquatic Ecosystems Panel Status Report – SCCWRP. This report results of the Panel has been somewhat delayed but is expected to be completed by the next quarter. ○ The 2021 SAWPA Compilation Watershed POTW PFAS Monitoring Data Report will be finalized and distributed in April 2022. Future collection of EC monitoring data in the watershed will be conducted by the Task Force on an as-needed basis. ○ PFAS Regional Analysis Phase I RFP was discussed and is expected to be released to a short list of consultants in early April 2022. ○ Overview of Regional Board PFAS Source Investigations – Regional Board <ul style="list-style-type: none"> ▪ Temescal Creek/Corona Area ▪ Next steps for airports, landfills, chrome platers investigations in watershed ○ Regulatory Report and Updates were provided by Tess Dunham, KSC ○ Future release of draft PHGs for PFOA and PFOS by OEHHA was shared. 	<ul style="list-style-type: none"> • Continue periodic coordination meetings and determine if regional action is desired and supported through the EC Program Task Force. 	4-4-22 Task Force meeting (virtual mtg)

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	Watershed water quality outreach program	<ul style="list-style-type: none"> • Work continues with JPW Consultants for the Emerging Constituents Program Task Force in providing social media support for the Your So Cal Tap Water blog. Social media tools provide important outreach supporting trust in drinking water quality by the public. • This work is funded by a subset of the EC Program Task Force called the EC Public Outreach Workgroup. This work also includes month articles and quarterly videos. • Monthly articles are prepared by JPW Communications and posted each month the Your So Cal Tap Water blog, Facebook and Twitter. The draft articles are reviewed by SAWPA staff and the Workgroup before posting. • JPW Communications shares status reports at each EC Program Task Force. 	<ul style="list-style-type: none"> • Periodic coordination meetings with JPW Consultants and EC Program TF Public Outreach Workgroup will be held. All meetings are held virtually due to COVID-19. 	<p>EC Program TF Public Outreach Workgroup will meet again in next quarter of 2022 (virtual mtg)</p>
	PFAS Regional Analysis	<ul style="list-style-type: none"> • Based on interest expressed by SAWPA member agencies in conducting a PFAS regional analysis for the Upper Santa Ana River Watershed surface flows, a workgroup of staff from SAWPA, SAWPA member agencies and OCSD was formed. • The workgroup conducted some brainstorming meetings to discuss what items to address in the regional analysis. • A draft Request for Proposals has been prepared and is being brought to the SAWPA Commission for approval on April 5, 2022 in Closed Session. This RFP requests consultant assistance on data collection and predictive water quality modeling evaluation. • A Confidentiality and Common Interests Agreement has been developed for consideration by SAWPA, its member agencies and OCSD and will be brought to the SAWPA Commission on April 5, 2022. • The work of the PFAS Regional Analysis is being conducted separate to the EC Program Task Force at this time. • SAWPA Staff prepared for review by the Task Force a draft report compiling PFAS data collected under State Water Resources Control Board Order WQ 2020-0015-DWQ for the Santa Ana River Watershed. 	<ul style="list-style-type: none"> • An RFP for a consultant is anticipated to be released with selection of a consultant to start this work in the next quarter. • Finalize the report compiling PFAS data collected under State Water Resources Control Board Order WQ 2020-0015-DWQ for the Santa Ana River Watershed. 	<p>The RFP and Confidentiality and Common Interests Agreement will be brought to the SAWPA Commission on 4-5-22.</p>

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Reclamation So Cal Studies	Support regional studies with Bureau of Reclamation	<ul style="list-style-type: none"> • SAWPA continued to coordinate with Bureau of Reclamation staff on the Water Management Options Pilot/Decision Support Tool regarding analyzing high resolution imagery across the watershed, Southern Orange County and the southern ends of the WMWD/EMWD services areas. • Imagery for Orange County has been sent to USBR in July 2021 for analysis as provided by SCAG. • All aerial imagery for the upper watershed was completed this quarter by Geophex and has been provided to SAWPA and US Bureau of Reclamation staff for review. • On February 10, SAWPA also submitted a letter of interest for an additional Water Management Options for a Santa Ana River Watershed stormwater capture and use assessment. • SAWPA is also preparing grant application, due on April 15, under the Reclamation WaterSMART Applied Science grant program for up to \$200K with a 50-50% local cost share. This grant would be to develop a standard protocol or guidance document for weather modification validation that could be used by other watersheds and water resource managers considering implementing weather modification programs. 	<ul style="list-style-type: none"> • Feedback on the letter of interest from Reclamation on the Santa Ana River Watershed stormwater capture and use assessment is anticipated in the next quarter with a follow up request for a more formal proposal thereafter. This will be prepared by staff in the next quarter. • The grant application for the weather modification validation protocol development is due April 14th and will be submitted by then. 	6-14-22 PA 22 Committee meeting (virtual mtg)
Santa Ana River Fish Conservation Task Force	Determine the reasons for the decline of the Santa Ana sucker fish (<i>Catostomus santaanae</i>) in the Santa Ana Watershed and implement projects that will benefit the species.	<ul style="list-style-type: none"> • Staff is working on updating the Riverwalk ranking methodology that is used to score each of the Riverwalk data points' habitat quality. • The 2021 Riverwalk was • Staff worked with SAWA to replant/manage 0.3 acres of vegetation as part of the mitigation for the habitat project constructed by the Team near the Van Buren Blvd. Bridge in October 2018. • SAWPA worked with OCWD, SBVMWD, Riverside County Parks and other stakeholders on applying for the 2021 Urban and Multibenefit Drought Relief Grant solicited by DWR for the Sunnyslope Creek Native Fish Drought Response Project. The SAWPA Commission approved the application on November 16, 2021 and SAWPA submitted it that week to DWR. 	<ul style="list-style-type: none"> • Finish Riverwalk data ranking methodology in first quarter 2022. 	Meetings to discuss next steps for the Sunnyslope Creek Project

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Regional Water Quality Monitoring Task Force	Implement a coordinated regional water quality monitoring program in the Santa Ana River watershed to meet the requirements of the amended Recreational Use Water Quality Standards and Implementation Plan requirements of the Santa Ana Basin Plan, and to assist Regional Board with future triennial reviews of the Basin Plan.	<ul style="list-style-type: none"> • SAWPA continued Task Force Administration including management and review of consultant contracts, project invoices and annual Task Force budget. • Task Force approved the FY 2022-23 Task Force Budget on November 1, 2021. • Task Force consultant, CDM Smith, continued to support the Task Force in regulatory efforts related to bacteria. • CDM Smith finalized and made available to the public the on-line dashboard to replace electronic quarterly water quality reports. • CDM Smith submitted to the Regional Board for approval a memorandum detailing recommended modifications to the SAR Regional Bacteria monitoring plan and QAPP to address “Priority 3” waterbodies (these include waterbodies listed for bacteria impairment but do not currently have a TMDL). • GEI Consultants continued efforts to implement water quality monitoring of homelessness encampments in the upper SAR. 	<ul style="list-style-type: none"> • Draft 2021 Annual SAR Regional Bacteria Monitoring Report due April 30, 2022. • 2022 warm season monitoring to begin in May. • 2022-23 stakeholder invoices to be sent out in July. 	Task Force Meeting (virtual meeting) May-22.

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Lake Elsinore and San Jacinto Watersheds Authority (LESJWA)	Support lake quality improvement projects at Lake Elsinore and Canyon Lake	<ul style="list-style-type: none"> • The LESJWA Board met on Feb. 17th at their regularly scheduled meeting. At this meeting the LESJWA Board approved the following items: <ul style="list-style-type: none"> • Election of Officer. Dale Welty of Canyon Lake was nominated and approved as the new chair of LESJWA for a two-year term. • LESJWA Audit for the Fiscal Year ending June 30, 2020 was shared as prepared by Teaman, Ramirez & Smith, Inc., and the LESJWA Board directed LESJWA staff to file the Report on Audit with respective government agencies as required by law. • Canyon Lake Alum Dosing Agreement and Task Order with AquaTechnex, LLC was approved for an amount not-to-exceed \$689,800 for three continuous years of up to two semi-annual alum dosing in Canyon Lake with the option to extend two additional years. • Santa Ana River Watershed Weather Modification Pilot Program funding was supported by the LESJWA Board with a commitment of \$10,000 to help fund the implementation of the pilot program. • SAWPA staff continues to support LESJWA as administrator for the LESJWA JPA, LE/CL TMDL Task Force with task force meetings and various committee meetings held virtually every 1-2 months. • LESJWA staff was informed that its two grant applications to support Lake Elsinore water quality improvement were not selected by DWR for funding under the Urban and Multibenefit Drought Relief Grant program. State staff indicated that this particular grant program prioritized potable water supply improvement projects so lake restoration and other ecosystem restoration projects were not among the list of funded projects for this round of funding. Staff will review interest in applying for funding under the Prop 1 Round 2 IRWM grant program administered by SAWPA. • Work continues by the ACOE staff on the ACOE Ecosystem Restoration Feasibility Study for Lake Elsinore in coordination with local agencies. 	<ul style="list-style-type: none"> • LESJWA staff will be seeking approval of a draft FY 22-23 LESJWA Budget, reviewing the existing Fund Balance Policy and an Amendment to the LE/CL TMDL Task Force Agreement to extend the term of the agreement in the next quarter. 	04-21-22 LESJWA Board Meeting

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
	Provide education and outreach	<ul style="list-style-type: none"> Liselle DeGrave of DeGrave Communications continues her support to LESJWA through the LESJWA Education and Outreach Committee. Joint meetings with the consultant, LESJWA member agency PR staff and the SAWPA staff are held on a quarterly basis for coordination. The last meeting was held virtually on Jan. 31, 2022. The meeting included discussion of Lake Elsinore including the two project grant applications and the ACOE LE Habitat Restoration Feasibility Study, next Canyon Lake alum application and future sediment removal project status, and the 2022 LESJWA Water Summit scheduled for the Community Hall of Lake Elsinore Launch Pointe Campground and Resort. DeGrave Communications shared the Summit contact list, draft agenda and speakers and event planning that her firm will be conducting for the event. 	<ul style="list-style-type: none"> Continue education and outreach support. LESJWA Water Summit is scheduled for April 27, 2022. 	04-18-22 LESJWA Education & Outreach Meeting (virtual mgt)
So Cal Salinity Coalition (SCSC)	Support regional salt management and practices in Southern California	<ul style="list-style-type: none"> The SCSC held its quarterly Board virtual meeting on March Dec. 9, 2021. Kevin Hardy, SCSC Administrator, officiated the Zoom meeting. The regularly scheduled quarterly meeting for March 3, 2022 was cancelled due to a lack of action items. SCSC Summit Committee meets every other week to plan and discuss the agenda and logistics for the 2022 SCSC Salinity Summit now scheduled for either Oct. 26th or Nov 2nd depending on MWDSC conference room availability. Several of the SCSC Board members also attended the Multi-State Salinity Coalition (MSSC) Annual Summit held on February 23 - 25, 2022 at the Tuscan Suites & Casino, Las Vegas, NV as well as the MSSC Board meeting prior to the Summit. The next MSSC Board meeting will be held in Carlsbad at the Carlsbad Seawater Desalination Plant including a tour of the facility on May 12-13, 2022. 	<ul style="list-style-type: none"> Planning will continue for a future Salinity Summit now being considered for late Oct. or early Nov. 2022. 	The next SCSC Board meetings are scheduled for 6/2/22, 9/1/22, 12/8/22

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PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Santa Ana River Parkway and Open Space Plan Technical Advisory Committee	<ul style="list-style-type: none"> • Help identify priorities and values for the Santa Ana River Parkway and Open Space Plan • Identify project selection criteria and projects for inclusion in the Parkway Plan • Provide input and feedback on the Plan throughout its development 	<ul style="list-style-type: none"> • Staff coordinated with the Santa Ana River Conservancy staff on the quarterly Local Advisory Group meetings. The group's meeting was held on January 20, 2022 and focused on requesting an additional \$45 million in the State budget for the California State Coastal Conservancy's Santa Ana River Conservancy Program. • On February 17, SAWPA's engineering department reviewed the alignment of the Aliso Canyon Bridge over the Brine Line to ensure there were no issues for SAWPA to access the line for future operations/construction. 	<ul style="list-style-type: none"> • SAWPA to review Riverside County Parks' plans for trail construction near Prado Dam and the Green River Golf Course. 	<p>Upcoming Local Advisory Group meeting 04-21-22</p>
Water Energy Community Action Network (WECAN)	<p>Support water and energy efficiency on disadvantaged communities in the watershed.</p>	<ul style="list-style-type: none"> • On July 31, 2021, SAWPA submitted to the City of Riverside a bi-monthly progress report for the Eastside Climate Collaborative Program funded through a grant by the Transformative Climate Communities Program. • SAWA staff participated in a Community Townhall meeting on September 23rd at the Cesar Chavez Community Center to highlight the Water Energy Community Action Network Turf Removal project led by SAWPA. • On September 30, 2021, SAWPA submitted to the City of Riverside a bi-monthly progress report and first annual report for the Eastside Climate Collaborative Program. 	<ul style="list-style-type: none"> • Submit bi-monthly progress report for the Eastside Climate Collaborative Program by November 30th. • Develop RFP to solicit bids from landscaping contractor to implement 100,000 square feet of turf removal and drought tolerant landscaping installation. 	<p>Bi-Weekly meetings with the City of Riverside.</p>
Forest First	<p>Support collaborative partnership among Forest Service and downstream stakeholders to develop methods to ensure the resiliency of the forests and headwaters within the Santa Ana River Watershed</p>	<ul style="list-style-type: none"> • Staff coordinated with SBVMWD on a partnership with the agency regarding the Headwaters Resiliency Partnership Task Force. • To receive federal agency feedback, staff prepared a PowerPoint to share the Task Force's potential next steps with the U.S. Forest Service's San Bernardino National Forest (SBNF), and their partnership staff person. 	<ul style="list-style-type: none"> • Utilize the results from the Dr. Underwood research to evaluate the economic benefits of water supply/quality of forest projects in the watershed. • Hold initial meetings with Cal-Fire staff to gain understanding of the areas, not under federal jurisdiction, within the Headwaters that have potential for project partnerships. 	<p>Meeting with SBNF Partnership Lead on April 12, 2021</p>

SAWPA Roundtables Status Report

1/1/22 thru 3/31/22

PROJECT	DESCRIPTION	STATUS	FUTURE TASKS/DEADLINES	FUTURE MEETINGS
Arundo Removal	Remove non-native plant species, particularly Arundo donax, using SAWPA's Arundo Removal mitigation bank credit funding	<ul style="list-style-type: none"> ● Staff coordinated with the Riverside County Regional Park and Open-Space District (County Parks) on exploring options to improve the Santa Ana River Mitigation Bank so that customers with various mitigation needs can receive bank credit. ● Staff coordinated with Inland Empire Resource Conservation District (IERCD) who expressed interest in partnering with SAWPA to remove Arundo Donax in the upper watershed and enter into a task order for this work. 	<ul style="list-style-type: none"> ● Present further background of the Santa Ana River Mitigation Bank at the May 17, 2022 Commission meeting and discuss next steps for receiving certification from the California Department of Fish and Wildlife. ● Prepare a task order with IERCD and present it to the Commission by May 17, 2022. 	Bi-monthly Santa Ana River Watershed Weed Management Area mtg to update them on the upper watershed project as well as the outreach material. 04-17-22 Commission Meeting

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General Manager's Report

April 2022

Santa Ana Watershed Project Authority | 11615 Sterling Avenue, Riverside, CA 92503 | www.sawpa.org

INSIDE THE APRIL REPORT

- 1** SAWPA and Valley District Meet with Blue Forest Conservation
- 2** Permitting and Pretreatment Program Quarterly Monitoring and Inspections
- 3** Prado Maintenance Access Structure Modifications
- 4** Reach IVA Upper Line Cleaning and CCTV Inspection
- 5** SAWPA Bid Management with PlanetBids
- 6** SAWPA Communications Specialist

SAWPA and Valley District Meet with Blue Forest Conservation

On March 17, staff and board members from SAWPA and Valley District met with the non-governmental Blue Forest Conservation to discuss their successful partnership with the Tahoe National Forest and the Yuba Water Agency. Their partnership, known as the North Yuba Forest Partnership, is working to collaboratively plan, analyze, finance, and implement forest restoration across 275,000 acres of their local watershed in northern California. SAWPA and Valley District learned important lessons that worked well for that partnership, as work continues on the San Bernardino Mountains Headwater Resiliency Partnership.

Permitting and Pretreatment Program Quarterly Monitoring and Inspections

SAWPA Permitting and Pretreatment staff issued seven (7) Wastewater Discharge and Liquid Wastehauler Permits and completed thirty-five (35) monitoring (or sampling) events and nineteen (19) inspections at SAWPA permitted discharger and liquid wastehauler facilities for the 3rd quarter (January through March).

Prado Maintenance Access Structure Modifications

Work has commenced on modifying 14 maintenance access structures (MAS) within Prado Basin to be watertight, as part of the Santa Ana River Mainstem project, the U.S. Army Corps of Engineers will raise the Prado Dam Spillway by approximately 20 feet. All Brine Line structures will need to be watertight up to the flood storage elevation of 566'. SAWPA Staff completed three (3) MAS on Reach IVD along Euclid Avenue in City of Chino. SAWPA specialty contractor and is continuing to work on four (4) structures on Reach IVA Upper along El Prado Avenue. The remaining seven (7) structures will be completed in early May 2022.



Lining of MAS on Reach IVA Upper



Removal of concrete collar around MAS on Reach IVD



Reach IVA Upper Line Cleaning and CCTV Inspection

In March, Operations staff have cleaned about 1,000 feet of the 27-inch Reach IVA Upper pipeline in the City of Chino. This work is performed at night to take advantage of the lower flows in the Brine Line and to minimize impacts to dischargers. About 2,600 feet of CCTV inspection was also conducted on Reach IVA upper in the City of Chino. SAWPA staff continues to coordinate work activities with IEUA staff.

SAWPA Bid Management with PlanetBids

SAWPA has implemented PlanetBids for vendor and bid management to increase its outreach to potential vendors when issuing bids and RFPs. A broad range of vendors will be notified to search, view, and respond to bid opportunities securely over the internet. Click on the link to see a complete list of SAWPA's RFPs/RFQs/Bids: <https://pbsystem.planetbids.com/portal/52676/portal-home>.

SAWPA Communications Specialist

To improve its internal and external communication, SAWPA has brought onboard a Communications Specialist, Jessica McDermott. In addition to collaborating with every department at SAWPA, the Communications Specialist will participate in designing and implementing a communication and marketing plan and strategies to educate, inform, and engage SAWPA member agencies, key partners, diverse communities, and stakeholders.



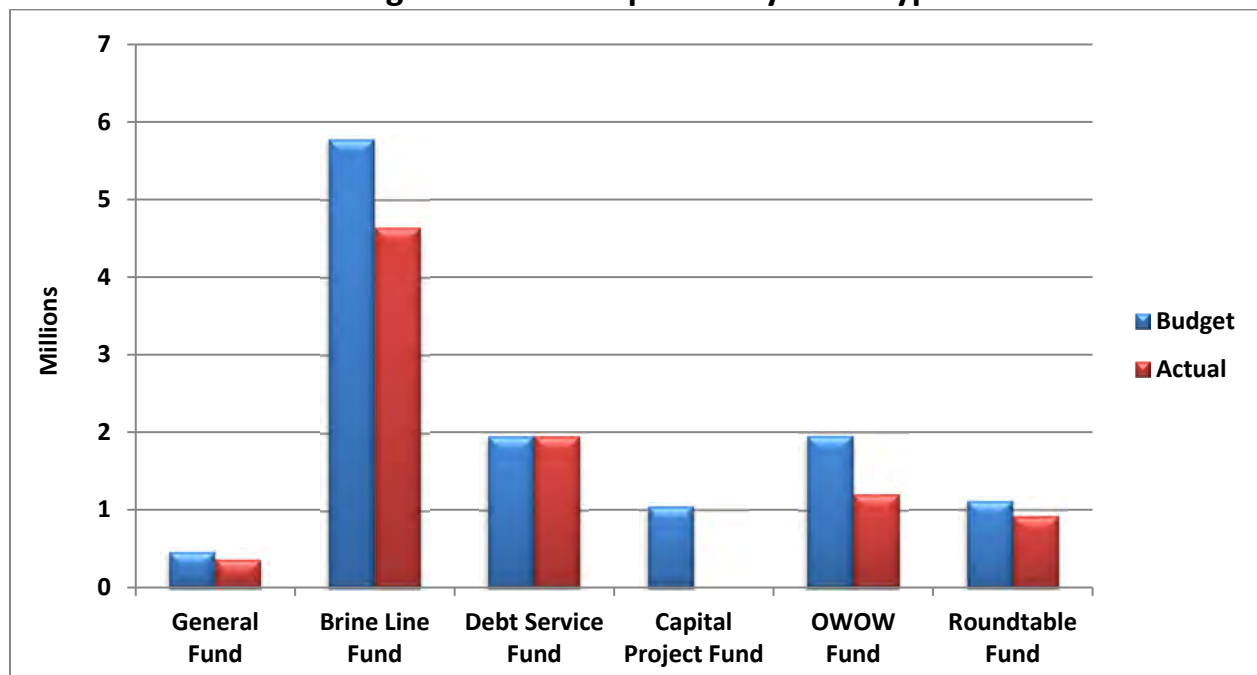
**Santa Ana Watershed Project Authority
Executive Financial Information Report
January 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) January 2022 unless otherwise noted.
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Budget to Actual Expenses by Fund Type	✔ Favorable			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$716,847	\$459,827	\$363,848	\$95,979
Brine Line Enterprise	9,908,833	5,780,152	4,644,752	1,135,400
Debt Service Fund	2,608,439	1,944,262	1,943,236	1,026
Capital Project Fund	1,786,882	1,042,348	3,364	1,038,984
OWOW Fund	3,326,064	1,954,856	1,206,656	748,200
Roundtable Fund	1,824,666	1,112,151	918,865	193,286
Total	\$20,171,731	\$12,293,596	\$9,080,721	\$3,212,875

Budget to Actual Expenses by Fund Type



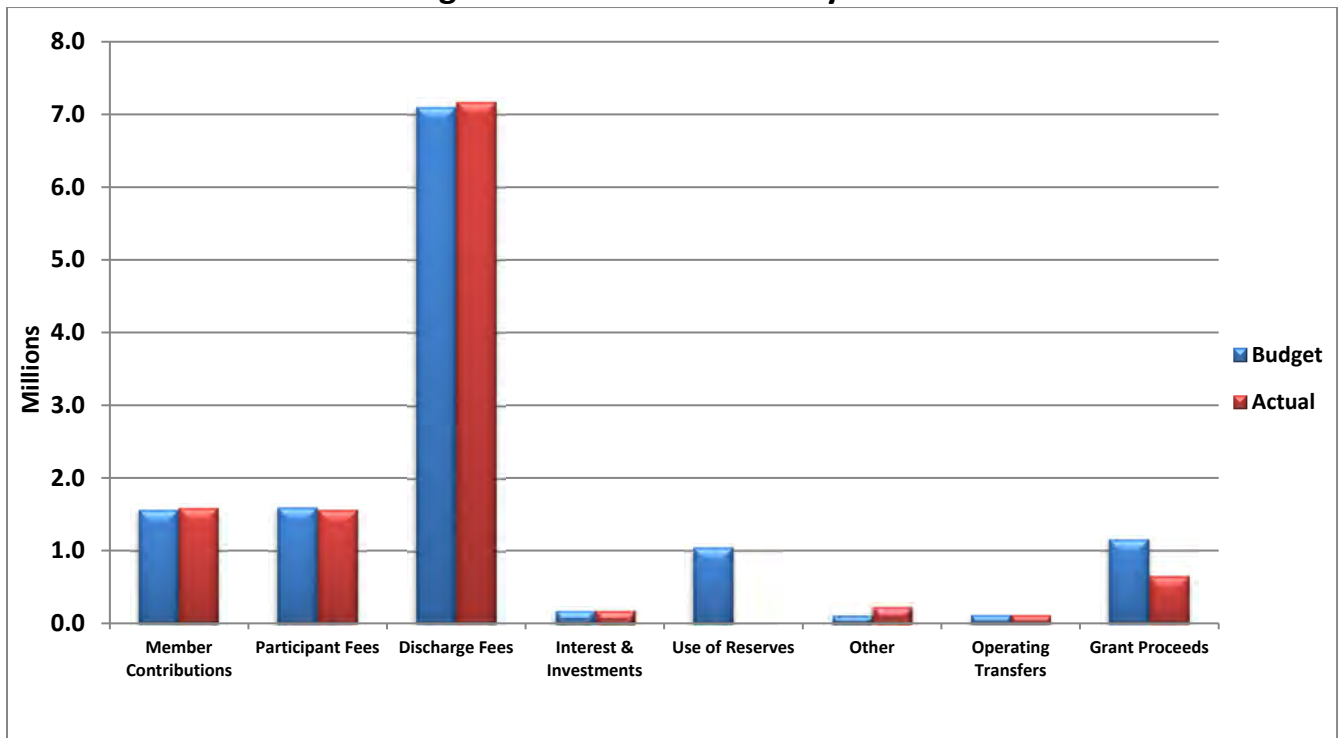
Budget to Actual Revenues by Source



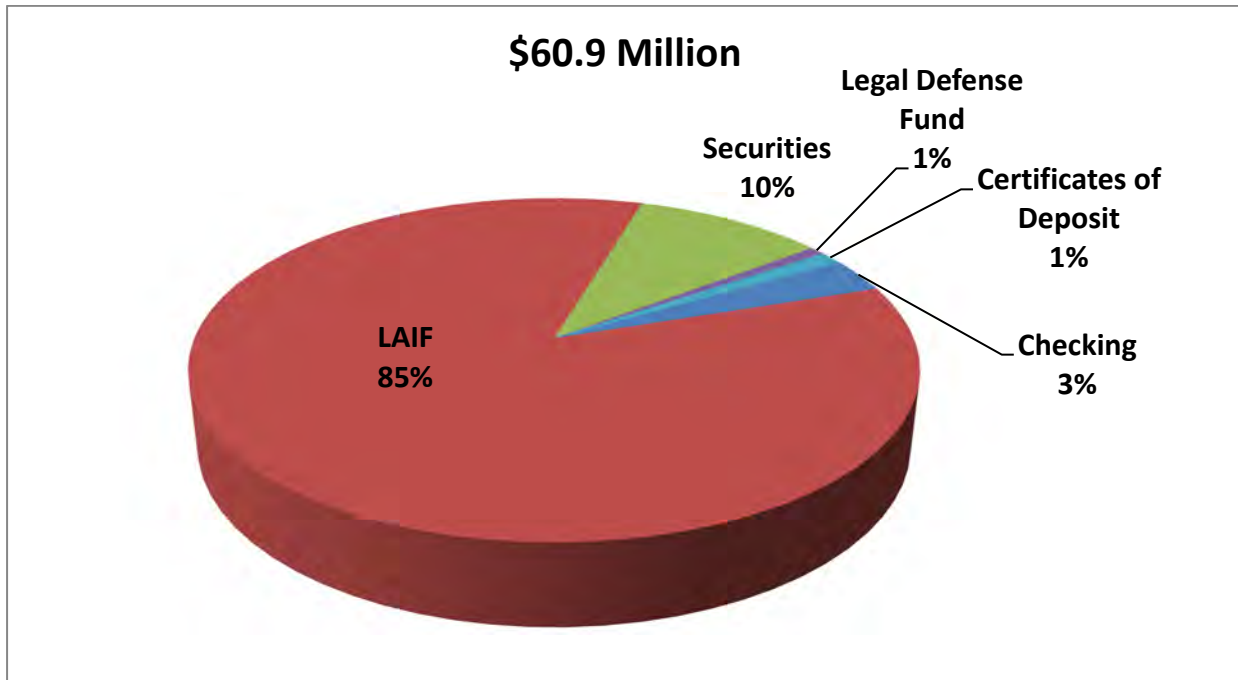
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$1,556,847	\$1,556,845	\$1,581,845	\$25,000
Participant Fees	2,058,279	1,594,767	1,565,787	(28,980)
Discharge Fees	12,192,272	7,103,680	7,172,640	68,960
Interest & Investments	325,000	168,750	166,235	(2,515)
Use of Reserves	1,786,882	1,042,348	3,364	(1,038,984)
Other	188,633	110,036	230,276	120,240
Operating Transfers	114,625	114,625	114,625	-
Grant Proceeds	1,199,235	1,148,552	651,689	(496,863)
Total	\$19,421,773	\$12,839,603	\$11,486,461	(\$1,353,142)

Budget to Actual Revenues by Source



Total Cash & Investments - January







Reserve Fund Balance – January

	Amount
General Fund	\$1,748,610
Building Fund	746,215
OWOW Fund	2,510,007
Roundtable Fund	2,795,989
Self Insurance	4,321,376
Debt Retirement	2,827,377
Pipeline Replacement	22,491,771
OC San Rehabilitation	2,387,790
Capacity Management	12,024,280
Future Capacity	1,840,956
Rate Stabilization	1,031,621
Flow Imbalance	84,506
Brine Line Operating	6,174,941
Total Reserves	\$60,985,440

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Revenues are on 10% below budget and expenses are 26% below budget. It is expected that both will be on track with the budget by the end of the year.

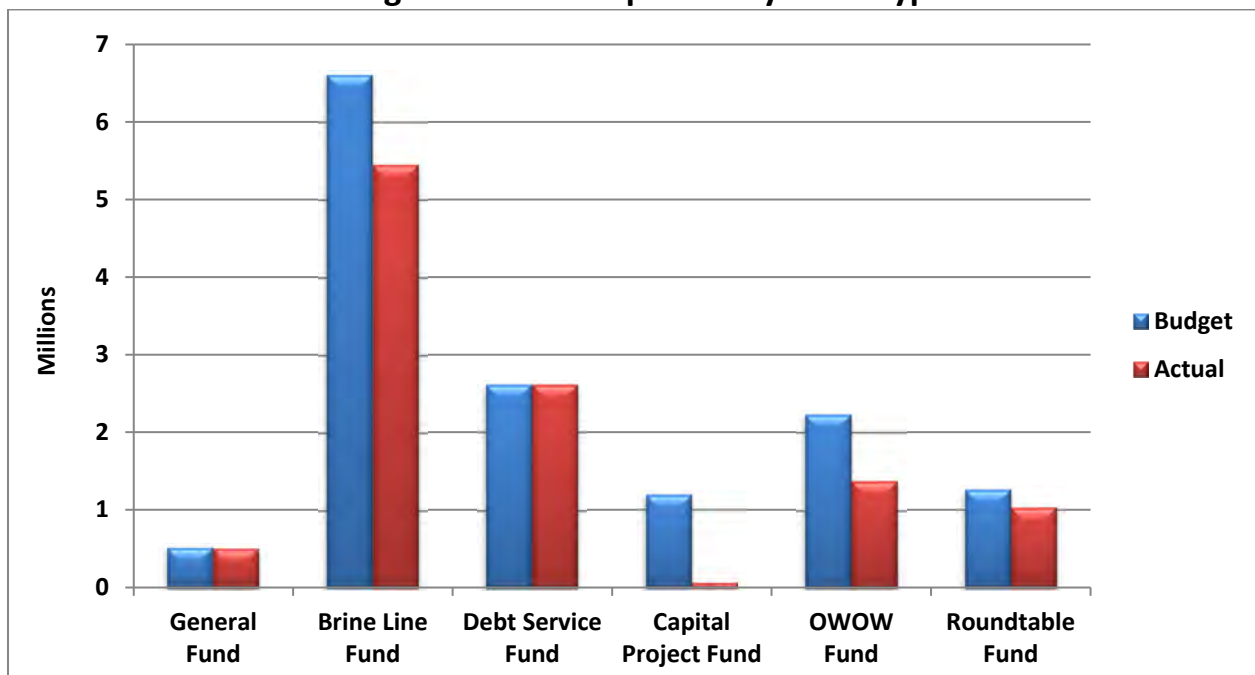
**Santa Ana Watershed Project Authority
Executive Financial Information Report
February 2022**

Staff comments provided on the last page are an integral part of this report.

Overview	This report highlights the agency's key financial indicators for the Fiscal Year-to-Date (FYTD) February 2022 unless otherwise noted.
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Budget to Actual Expenses by Fund Type	✔ Favorable			
	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
General Fund	\$716,847	\$511,231	\$499,646	\$11,585
Brine Line Enterprise	9,908,833	6,605,889	5,448,122	1,157,767
Debt Service Fund	2,608,439	2,608,439	2,608,439	-
Capital Project Fund	1,786,882	1,191,255	71,143	1,120,112
OWOW Fund	3,326,064	2,229,098	1,373,081	856,017
Roundtable Fund	1,824,666	1,254,653	1,025,314	229,339
Total	\$20,171,731	\$14,400,565	\$11,025,745	\$3,374,820

Budget to Actual Expenses by Fund Type



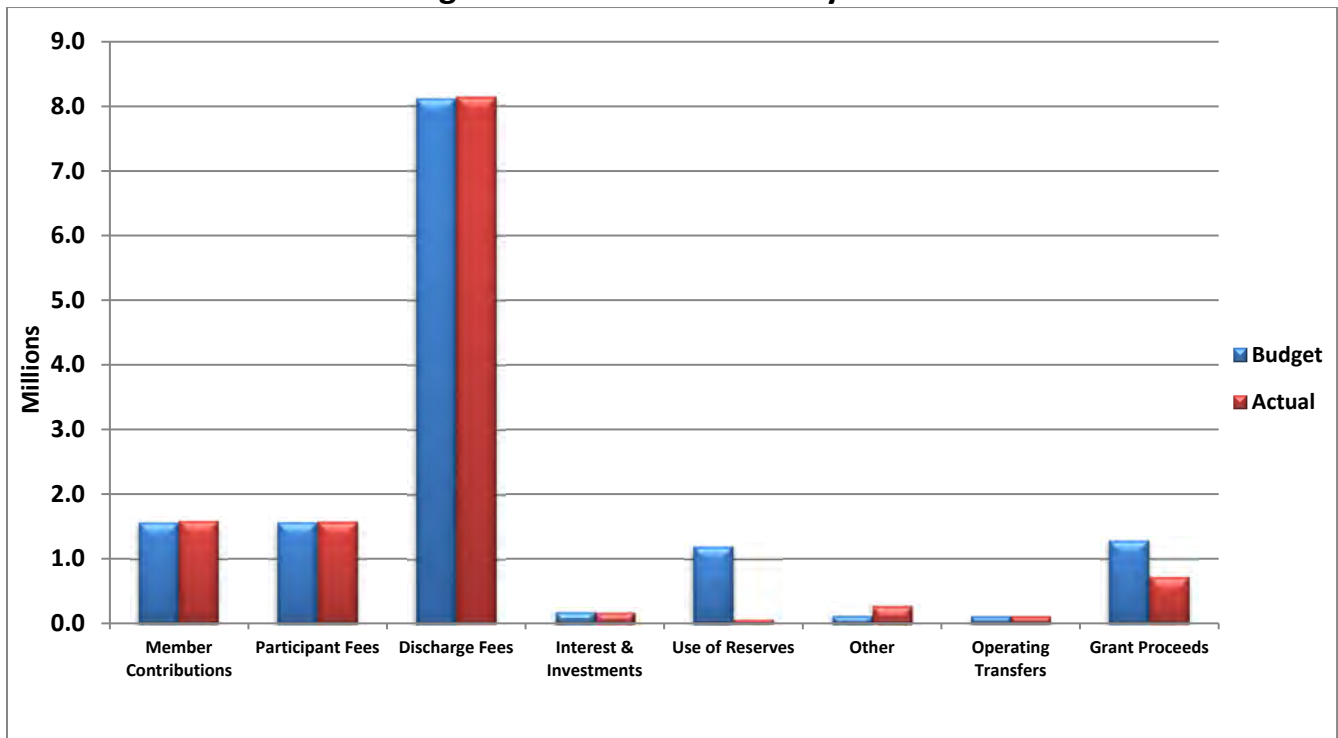
Budget to Actual Revenues by Source



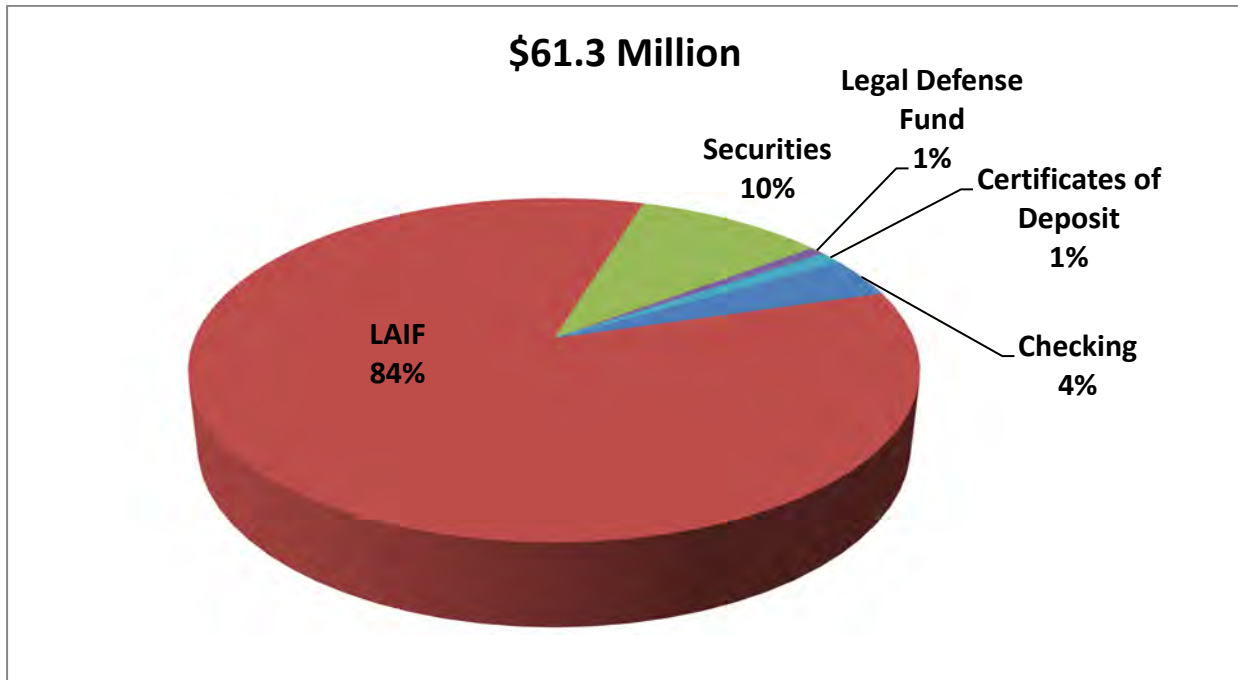
On Track

	Annual Budget	FYTD Budget	FYTD Actual	Favorable (Unfavorable) Variance
Member Contributions	\$1,556,847	\$1,556,845	\$1,581,845	\$25,000
Participant Fees	2,058,279	1,556,055	1,565,789	9,734
Discharge Fees	12,192,272	8,117,348	8,141,745	24,397
Interest & Investments	325,000	175,000	168,110	(6,890)
Use of Reserves	1,786,882	1,191,255	71,143	(1,120,112)
Other	188,633	125,755	265,817	140,062
Operating Transfers	114,625	114,625	114,625	-
Grant Proceeds	1,199,235	1,280,105	721,751	(558,354)
Total	\$19,421,773	\$14,116,988	\$12,630,825	(\$1,486,163)

Budget to Actual Revenues by Source



Total Cash & Investments - February







Reserve Fund Balance – February

	Amount
General Fund	\$1,760,068
Building Fund	746,215
OWOW Fund	2,412,953
Roundtable Fund	2,724,749
Self Insurance	4,321,376
Debt Retirement	2,827,377
Pipeline Replacement	22,569,170
OC San Rehabilitation	2,387,790
Capacity Management	12,024,280
Future Capacity	1,840,956
Rate Stabilization	1,031,621
Flow Imbalance	84,506
Brine Line Operating	6,599,993
Total Reserves	\$61,331,055

Legend

Compared to Budget

	Ahead or Favorable	Above +5% Favorable Revenue or Expense Variance
	On Track	+5% to -2% Variance
	Behind	-3% to -5% Variance
	Concern	Below -5% Variance

Staff Comments

For this month's report, the item(s) explained below are either "behind", a "concern", or have changed significantly from the prior month.

Revenues are on 11% below budget and expenses are 23% below budget. It is expected that both will be on track with the budget by the end of the year.



April 8, 2022

To: Santa Ana Watershed Project Authority

From: Michael Boccadoro
Beth Olhasso

RE: March Report

Overview:

The state has started to implement measures to address the worsening water conditions in the state. With the snowpack at just 25 percent of normal, reservoirs also hovering slightly under 50 percent capacity, and DWR Director Nemeth recently stating that they believe snowpack peak runoff has already occurred, it is clear that the state will continue to take measures to reduce water use throughout the state. The announcement that the State Water Project will only receive a five percent allocation was just the first action we will likely see from regulators as they implement the Governor's recent Executive order on drought.

The Voluntary Agreement process has taken a major step forward. A memorandum of understanding (MOU) was recently signed by parties that outlines terms for a transformational eight-year program that would provide substantial new flows for the environment to help recover salmon and other native fish, create new and restored habitat for fish and wildlife, and provide significant funding for environmental improvements and water purchases.

In a long-running dispute over water rights in California, a federal judge will allow a pair of challenged Trump-era biological opinions to remain in effect over the next three years with added safeguards that some groups complain fail to ensure the survival of endangered fish.

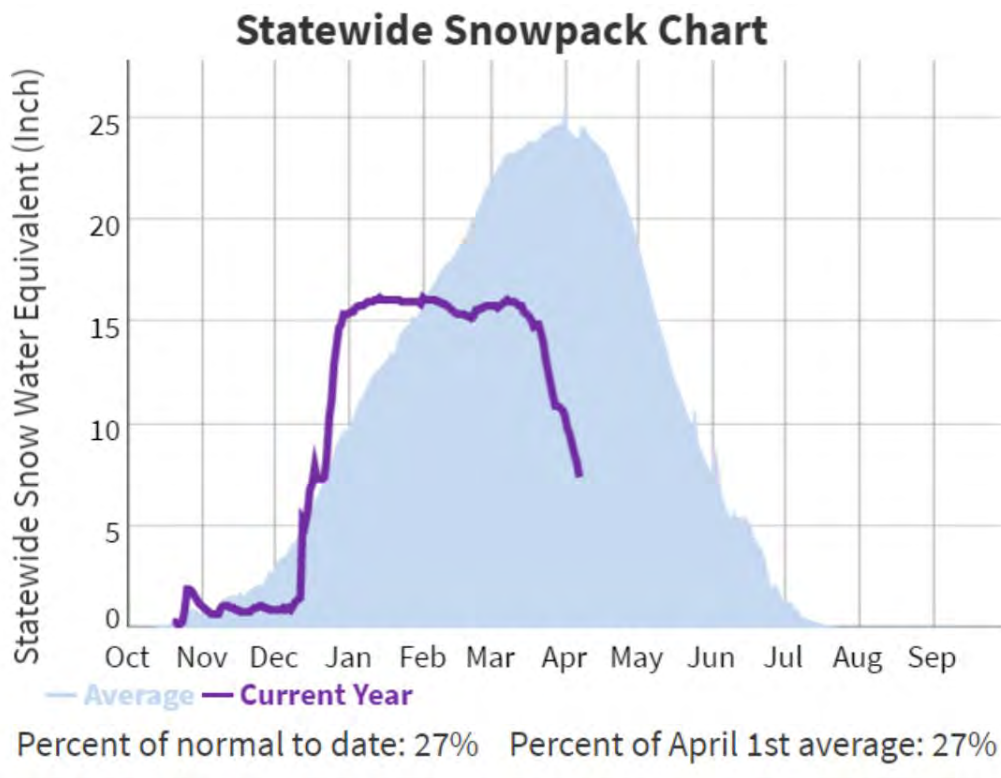
The long-awaited maximum contaminant level (MCL) for hexavalent chromium (Chrom-6) was recently released. The state tried to implement a Chrom-6 MCL a number of years ago, but it was challenged by water agencies for not being feasible. The first in the nation standard for Chrom-6 is proposed at 10 parts per billion or 0.010 milligrams per liter (mg/L). Systems with more than 10,000 service connections would be required to comply with the MCL within two years of rule adoption.

The Legislature is working on the two thousand bills that have been introduced since the beginning of the year. The deadline for bills to pass out of policy committees is April 28. With more water-related bills this year legislative water discussions are likely to be more robust and extensive. ACWA's legislation to provide for a tax exemption for turf removal rebates had its first hearing and will be voted on in the coming weeks. CASA's bill to require products containing PFAS to register their products on a publicly accessible database, will get its first hearing hopefully in late April. Several bills authorizing "regional climate collaboratives" are also working their way through the process.

Santa Ana Watershed Project Authority Status Report – March 2022

Water Supply Conditions

As widely reported, there was no March Miracle and that statewide water conditions will be dismal for 2022. The Sierra snowpack, which started the year off at 103 percent of normal in January is down to just 27 percent of normal- dropping 11 percent in just one week! Lake Oroville is sitting at just 66 percent of historical average and 48 percent capacity. San Luis Reservoir, the main south-of-Delta storage facility for the State Water Project, is even lower at 53 percent of average for this time of the year and 46 percent capacity.



Voluntary Agreements Singed & Bay-Delta Update

Voluntary Agreements/MOU

The memorandum of understanding (MOU) outlines terms for a transformational eight-year program that would provide substantial new flows for the environment to help recover salmon and other native fish, create new and restored habitat for fish and wildlife, and provide significant funding for environmental improvements and water purchases. It also outlines a governance and habitat monitoring framework with clear metrics and goals to allow state, federal and local partners to analyze progress, manage adaptively and decide whether the program should be continued, modified or ended after eight years.

The Vas are an alternative to the “unimpaired flows” process initiated by the SWRCB in 2015. The MOU includes:

- Contributions of water and funds
- Early and immediate implementation
- System-wide governance to coordinate actions and science across the Delta watershed
- Stable regulatory baseline in the Delta Watershed that facilitated resolution of ESA/CESA legislation

The agreement includes a commitment of \$2.9 billion:

- State funding through bond and general funds: \$1.4B (49%)
- Federal funds: \$740M (25%)
- Other: \$168M (6%)
- PWAs: \$588M (20%)

State Water Project estimates based on deliveries:

- \$10/AF years 1-8
- \$10/AF early implementation: \$50M
- Value of foregone exports- years 1-8: \$174M

In a long-running dispute over water rights in California, a federal judge will allow a pair of challenged Trump-era biological opinions to remain in effect over the next three years with added safeguards that some groups complain fail to ensure the survival of endangered fish.

Biological Opinions

In December 2021, a coalition of fishing industry and environmental groups asked a judge to temporarily block agencies from relying on two “scientifically unsound and fatally flawed” biological opinions issued during the Trump administration in 2019.

The two opinions — issued by the National Marine Fisheries Service and U.S. Fish and Wildlife — enable more water to be sent to some 20 million farms, businesses and homes in Southern and Central California via two massive federal and state water diversion projects. The opinions eliminate certain requirements, such as mandating extra flows to prevent water temperatures from rising to levels high enough to damage and fry salmon eggs.

Opponents say those endangered species assessments for the Central Valley Project and State Water Project will jeopardize the survival of threatened Chinook salmon, steelhead trout, delta smelt and longfin smelt.

In the 122-page opinion, U.S. District Judge Dale Drozd endorsed the governments' plan to keep the two challenged biological opinions in place while the Biden administration reconsiders them. While those reviews are pending, an interim operations plan will be put in place with provisions designed to provide extra protections for the endangered fish. Drozd found the government-backed interim plan “takes balanced and reasonable steps” to address water temperature-related threats to winter-run salmon eggs and sets “reasonable carryover storage goals” for Shasta Dam water.

Governor’s Executive Order on Drought & SWP Allocation Cut to 5 percent

Governor Issues EO on Drought

Governor Newsom recently issued an [Executive Order](#) asking Californians to limit summertime water use and directing the State Water Resources Control Board to adopt emergency regulations that require

urban water suppliers that have adopted a Water Shortage Contingency Plan to implement, at a minimum, Level 2 of those plans.

The SWRCB has also been told to adopt emergency regulations defining “non-functional turf” and banning irrigation of non-functional turf in the commercial, industrial, and institutional sectors. An exception is made to ensure the health of trees and other perennial non-turf plantings.

The order also includes provisions to create a multi-year water transfer pilot project, ensure vulnerable communities have drinking water, advance groundwater recharge projects, protect vulnerable fish and wildlife, prevent illegal water divisions and identify new proposals to support investments in short- and long-term drought resilience. ACWA Staff will coordinate with the state on its implementation of the emergency regulations and investment proposals.

SWP Allocation Reduced to 5 Percent

The Department of Water Resources (DWR) recently announced it will reduce the State Water Project (SWP) allocation to 5 percent of requested supplies for 2022. DWR previously set the allocation at 15%, but a historically dry January and February, with no significant storms forecast for March, requires a reduction in the allocation to conserve available water supply.

In addition to the 5 percent allocation, DWR will also provide any unmet critical health and safety needs of the 29 water agencies that contract to receive State Water Project supplies.

“As California enters our third consecutive dry year, today’s allocation announcement is a clear call for the need to immediately conserve more water and get serious about updating our infrastructure to accommodate our changed hydrology,” stated Jennifer Pierre, General Manager of the State Water Contractors, in a news release. “This year is on track to be the most difficult for Central Valley agriculture since the water projects were built. We must be able to capture and store water when it’s wet for use when it’s dry. Our communities, food supply, and environment cannot be sustained without these investments and actions.”

DWR will make its next assessment of the State Water Project allocation following its fourth snow survey on April 1. A final allocation for the water year is typically announced in May or June. The lack of significant precipitation in January and February has resulted in falling reservoir levels and reduced snowpack.

DWR, along with its federal partners at the U.S. Bureau of Reclamation, will submit a revised application for a Temporary Urgency Change Petition (TUCP) for operations from April 1 to June 30. The petition will seek flexibility for the State Water Project and the Central Valley Project to release less water into the Delta through June 2022 to conserve limited stored water in Shasta, Oroville and Folsom reservoirs. DWR and Reclamation had previously submitted a TUCP application for earlier in the year. However, December storms made that application unnecessary, and it was withdrawn. This new application is necessary due to dramatically changing conditions and covers modified dates and operational requests.

Californians can now access current water conditions in real time at [California Water Watch](#), a new website launched by DWR. This website will help Californians see their local hydrological conditions, forecasts, and water conditions down to their address or their local watershed. The site presents data from a variety of sources and allows the public to obtain a quick snapshot of local and statewide water conditions.

Draft Chrom-6 MCL Released

The long-awaited maximum contaminant level (MCL) for hexavalent chromium (Chrom-6) was recently released. The first in the nation standard for Chrom-6 is proposed at 10 parts per billion or 0.010 milligrams per liter (mg/L). Systems with more than 10,000 service connections would be required to comply with the MCL within two years of rule adoption.

In 2011, the Office of Environmental Health Hazard Assessment (OEHHA) published a public health goal for Chrom-6 at 0.02 micrograms per liter.

In 2001, the Legislature required the Department of Health Services to develop a primary drinking water standard for hexavalent chromium by 2003. The State Water Resources Control Board (SWRCB) is required to adopt primary drinking water standards at a level as close as feasible to the corresponding public health goal (PHG), placing primary emphasis on the protection of public health, and avoiding, to the extent technologically and economically feasible, any significant risk to public health.

The report included the required financial impact data. Obviously financial impacts depend on what level of Chrom-6 cleanup is required by a water system, if any. The report estimates that for large water systems, over 10,000 connections, the monthly impact to ratepayers could be anywhere from \$0.75 to \$45.

Legislative Update

Policy committees in the Legislature are meeting regularly to consider the several thousand bills that were introduced in the first three months of the year. Bills have until the end of April to make it out of policy committee.

Updates on priority bills:

AB 2142 (Gabriel): This bill would provide an income tax exemption for rebates from a turf removal program. Sponsored by ACWA. The bill was heard in the Revenue and Taxation Committee. R&T Committee votes on all tax exemption bills at one time, so the vote will come later in April.

AB 1845 (Calderon): MWD sponsored bill to allow for alternative project delivery methods for specific MWD projects. The bill was heard in the Assembly Local Government Committee and was passed out unanimously and will next be heard in Water, Parks and Wildlife on April 26.

AB 2247 (Bloom): CASA sponsored bill would require products sold in CA that contain PFAS to register the product on a publicly accessible reporting platform. The bill was recently amended to remove some of the enforcement language, which should remove some of the opposition. The bill is facing significant pushback from manufactures and is scheduled for a hearing in the Environmental Safety and Toxic Materials Committee on April 26.

AB 2787 (Quirk): This legislation is an extension of the original microbeads bill. It would ban the sale or distribution of products that contain intentionally added microplastics. The bill passed out of the Natural Resources Committee and is awaiting hearing in the Environmental Safety & Toxic Materials Committee.

AB 2811 (Bennett): Would require newly constructed large commercial buildings to be dual plumbed for recycled water and also require large commercial buildings to install onsite reuse systems. The bill was set for hearing in the Environmental Safety and Toxic Materials Committee on April 5, but the

hearing was canceled as the author tried to work with opposition. The bill is now scheduled for hearing April 26.

SB 1157 (Hertzberg): This legislation is identical to AB 1434 (Friedman) from 2021. The bill would implement the indoor GPCD targets outlined in the DWR/SWRCB draft report to the Legislature for 47 GPCD by 2025 and 42 GPCD by 2030. The bill passed out of Senate Natural Resources Committee but there were serious concerns brought up by Senator Ben Hueso (D-San Diego). The Senator noted all the investments San Diego has made in developing local supplies to drought-proof the region.

AB 1640 (Ward): Requires the Office of Planning and Research (OPR) to facilitate the creation of regional climate networks and create standards for the development of a regional climate adaptation action plan to support the implementation of regional climate adaptation efforts. The bill is in the Appropriations Committee after passing out of the natural Resources Committee.

SB 852 (Dodd): Allows local agencies to create climate resilience districts and provides these new districts various financing powers. The bill passed out of the Governance and Finance Committee and will be heard in the Natural Resources and Water Committee.